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First National City Corporation 1971 Annual Report

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On the cover: A typographical tapestry is formed
by the currency symbols of some of the many countries in
which Citicorp, a subsidiary or an affiliate operates.

Highlights of 1971

EARNINGS AND DIVIDENDS

	1971	1970	Change
Income before Securities Gains (Losses) (thousands)	\$168,198	\$145,105	+16%
Per Share	\$ 3.08	\$ 2.67	
Net Income (thousands)	\$169,073	\$140,618	+20%
Per Share	\$ 3.09	\$ 2.59	
Cash Dividends Declared (thousands)	\$ 72,227	\$ 68,531	+ 5%
Per Share	\$ 1.32	\$ 1.26	
Annual Dividend Rate at Year End	\$ 1.32	\$ 1.32	

STATEMENT OF CONDITION (millions)

Total Assets	\$ 29,302	\$ 25,840	+13%
Deposits	\$ 24,260	\$ 21,013	+15%
Loans	\$ 18,454	\$ 15,017	+23%
Capital Accounts	\$ 1,530	\$ 1,489	+ 3%

Per share figures give effect to the 2-for-1 stock split effective March 31, 1971

Quelques Chiffres Importants pour 1971 (Dollars)

BENEFICES ET DIVIDENDES

	1971	1970	Variation
Bénéfice avant Profits ou Pertes sur			
Portefeuille—Titres (milliers)	\$168.198	\$145.105	+16%
Par Action	\$ 3,08	\$ 2,67	
Bénéfice Net (milliers)	\$169.073	\$140.618	+20%
Par Action	\$ 3,09	\$ 2,59	
Dividendes Déclarés (milliers)	\$ 72.227	\$ 68.531	+ 5%
Par Action	\$ 1,32	\$ 1,26	
Taux Annuel du Dividende en Fin d'Annee	\$ 1,32	\$ 1,32	

BILAN (millions)

Actif Total	\$ 29.302	\$ 25.840	+13%
Dépôts	\$ 24.260	\$ 21.013	+15%
Prêts	\$ 18.454	\$ 15.017	+23%
Comptes de Capitaux	\$ 1.530	\$ 1.489	+ 3%

Les chiffres qui précèdent tiennent compte de la division d'une action pour deux qui de vint effective le 31 Mars 1971

Datos Salientes—1971 (en U.S. Dolares)

GANANCIAS Y DIVIDENDOS

	1971	1970	Cambio
Ingresos antes de Ajustes por Ganancias o			
Pérdidas en Documentos en Cartera (miles)	\$168.198	\$145.105	+16%
Por Acción	\$ 3,08	\$ 2,67	
Ingresos Netos (miles)	\$169.073	\$140.618	+20%
Por Acción	\$ 3,09	\$ 2,59	
Dividendos Declarados en Efectivo (miles)	\$ 72.227	\$ 68.531	+ 5%
Por Acción	\$ 1,32	\$ 1,26	
Tasa del Dividendo Anual al Fin de Año	\$ 1,32	\$ 1,32	

ESTADO DE SITUACION (millones)

Total Activo	\$ 29.302	\$ 25.840	+13%
Depósitos	\$ 24.260	\$ 21.013	+15%
Préstamos	\$ 18.454	\$ 15.017	+23%
Cuentas de Capital	\$ 1.530	\$ 1.489	+ 3%

Los cálculos por acción reflejan la división de dos acciones por una, efectivo Marzo 31, 1971

Letter to Stockholders

Today's value system requires that all of us make a constructive contribution to society. No longer do people debate whether or not it is necessary to improve the quality of life. They question only the best means.

Thus, business and banking can neither disown the past nor secede from the future, for all segments of society are involved in the basic reordering of national priorities now under way. The heart of the matter is to locate the most constructive posture somewhere between a negative disavowal of social responsibility and the equally fatal notion that business can solve all of society's problems.

There are three logical facets to the social responsibility of business, each reflecting the basic purposes for which corporations are chartered.

At one end of the scale, society has charged business and financial institutions to produce the goods and services that people need and want. When Citicorp performs its economic functions well it has made its primary social contribution, for it is serving society in the role that society has created it to serve.

However, the economic function cannot be pursued blindly or absolutely. Society today expects corporations to provide goods and services in ways that do not impinge upon other social goals. For example, it might generate short-run economies for a company to dump waste materials into a river, but increasingly, society will not accept such environmental injury. The same may be said about misleading advertising, or racial or other discrimination, or allocation of resources without social concern. At the other end of the spectrum, business and banking may no longer hoard their expertise. Indeed, it is here that the private sector may make its greatest contribution. Citicorp's organizational ability, its economic knowledge and its technical skills have important public uses.

In a democratic society solutions to social problems rest not alone with business but with society in all its diverse elements. Some people, frustrated by the careful process of change in a democracy, have tried to shift the

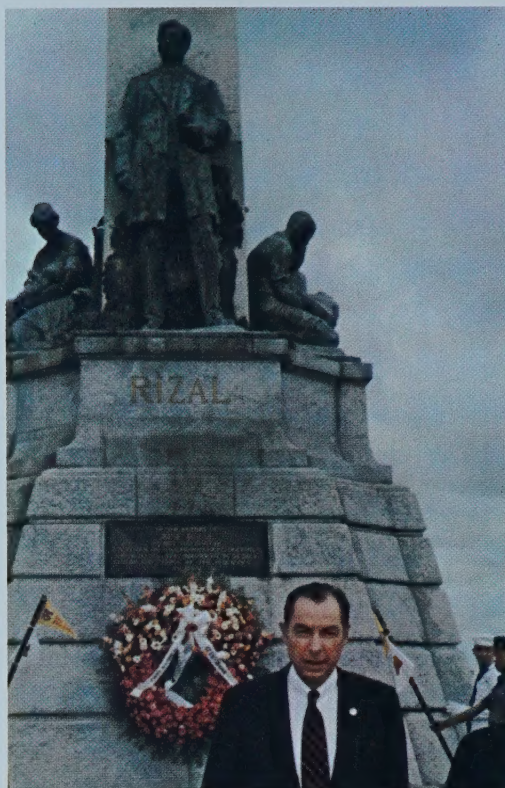
first responsibility for setting new directions to business corporations. They forget that national priorities in a democratic society are set in the voting booth, and not in the corporate board room. Our elected representatives establish our goals and priorities, and if they are not responsive to the people, they do not get reelected. Within the framework that they set, the skills and resources of corporations are and should be brought to bear.

One of the clear priorities in New York City is to provide adequate housing for the people who live here. There is no such thing as low-cost housing in New York City, but there should be housing for low-income families which can be built and then occupied by people whose rents are subsidized. Your corporation set as a goal for itself the financing of 5,000 housing units in 1971, which is about 25 percent of all those built annually in New York City. We met that goal in 1971, and by the end of 1972 our total commitments are expected to exceed a quarter of a billion dollars. The entire program will create 10,000 housing units for 30,000 New Yorkers in disadvantaged areas. It is the most ambitious effort of its kind ever undertaken by a commercial bank or non-governmental financial institution.

Another important function of every corporation is providing job opportunities for minority group members to enter the labor force in stable, year-round employment with all the wage and benefit advantages enjoyed by others in our society.

Citicorp's employee population in New York City includes 32 percent from minority groups, and they have the opportunity to advance as far as their abilities will carry them. More important, we are working actively to make it possible for those lacking in job skills to become productive wage earners. Since its inception, our Canal Street Training Center has imparted needed job skills to no less than 1,300 people, largely minority group members who were once considered unemployable in our society. Many have already advanced into positions of increased responsibility.

To free disadvantaged mothers for employment, we have devised a special



Paris Edward L. Palmer, chairman of the executive committee, called at Elysée Palace during a recent business trip to the French capital.



Manila Chairman Walter B. Wriston paid homage to the memory of José Rizal, the famed Philippine artist-writer-patriot, when the Boards of Directors of Citicorp and Citibank met in Manila in October.

New York President William I. Spencer discusses Citibank's involvement in helping to solve urban problems with Franklin A. Thomas, president of Bedford-Stuyvesant Restoration Corporation and a director of Citicorp.

term-loan program to finance needed day care centers throughout the metropolitan area. Some 700 youngsters will be cared for in such centers and will receive the benefit of special development programs, while their mothers, once shackled to welfare payments, are gainfully employed.

Finally, we have an obligation to finance minority business enterprises and have made loans to such businesses employing thousands of people. The financial counseling and management skills our staff have rendered to these entrepreneurs in helping them become successful has been as important as the financing.

In such ways, Citicorp is acting as a catalytic agent of the public purpose. We have done a lot; much still remains to be done.

The Business Environment

In the past year dramatic changes took place in the financial and political environment in the United States and around the world. On the domestic front, generally encouraging business statistics were not translated into optimistic sentiment. Consequently, the President moved decisively on August 15 to install a freeze on prices and wages; in November the freeze gave way to a set of economic controls called Phase II. Despite impressions to the contrary, the fact is that the United States closed the year with the lowest rate of inflation of any major industrial country in the world, which is not an insignificant achievement. Since no bureaucracy, no matter how well intentioned, is a substitute for the distributive judgment of over 200 million Americans expressed in the marketplace, it is vitally important to the future of our economy that Phase II self-destruct at the earliest possible time.

In the international arena, the President responded to voices from abroad and closed the gold window, thereby floating the dollar, and he imposed a 10 percent surtax on imports. By year end we had a new set of currency cross-rates, wider trading bands, the lifting of the surtax and active negotiations in progress looking toward freer world trade.

While some sectors of our society

were moving toward controls, our principal subsidiary, Citibank, moved to make its commercial customers' base lending rate more flexible and responsive to the marketplace than ever before. On October 21 Citibank floated its base rate at an increment over the rate paid for the highest quality commercial paper of comparable maturity. In its own way, this action may have as important an effect on the financial service business in the years to come as did the introduction of the negotiable certificate of deposit by Citibank in February 1961. Since market rates fluctuate in response to supply and demand and to monetary and fiscal policies, the certificate of deposit on the liability side of our balance sheet and the floating base rate as applied on our asset side tend to give our stockholders and customers more of the advantages inherent in a free market.

Profit Performance

The geographic diversity of Citicorp's operations and its growing number of products helped to produce an earnings increase of 16 percent despite the turbulent environment. In the accompanying booklet, "Citicorp Today," we detail many of the product families sold here and around the world by Citicorp, its subsidiaries and affiliates which contributed to this profit performance.

Income before securities gains (losses) in 1971 rose to a record \$168,198,000, an increase of 16 percent from \$145,105,000 in 1970. On a per share basis this amounted to \$3.08 compared with \$2.67 in 1970 after giving effect to the two-for-one stock split approved by stockholders at the annual meeting last March. These figures take into account the implementation of equity accounting for certain minority-owned affiliates as recommended by the American Institute of Certified Public Accountants. So that 1970's figures are on a comparable basis they have been restated, which moved the reported earnings in that year from \$2.65 to \$2.67 a share.

Securities transactions during the year resulted in an after-tax profit of \$875,000 as against a loss of \$4,487,000 in 1970. After adding this gain, net income was \$169,073,000 for

1971 as against \$140,618,000 in 1970. For 1971, this equaled \$3.09 per share compared with \$2.59 in 1970.

Our statement of condition figures were up significantly. Loans increased by 23 percent and deposits grew 15 percent. Capital accounts advanced to \$1,529,984,000 and stockholders' equity per share increased from \$22.69 to \$24.28.

In 1971, Citicorp's principal subsidiary, Citibank, experienced little increase from a year ago in the spread between interest paid and interest earned on domestic business. However, earnings were strong in other areas of Citicorp's financial services businesses, including overseas operations.

Expansion of Our Trading Areas

Last year we reported that the amendment to the Bank Holding Company Act of 1956 erased, for all practical purposes, the regulatory distinction between corporations holding one bank and those holding two or more banks. In these circumstances, Citicorp sought and obtained approval from the regulatory bodies to establish a new bank in rapidly growing Suffolk County on Long Island. Our new subsidiary, Citibank (Suffolk), N.A., opened for business on November 24.

Citicorp also moved to take advantage of changes in New York State law which expand our trading area. We have reached agreements to acquire The Silver Creek National Bank, located just outside of Buffalo, and the State Bank of Honeoye Falls which is near Rochester. When these acquisitions are consummated, those banks will be renamed Citibank (Western), N.A., and Citibank (Mid-Western), N.A., respectively. Applications are on file with the appropriate regulatory bodies for approval on these two acquisitions, and plans have been formulated to increase our penetration of the banking market in the balance of New York State.

We added to the number of our Edge Act banking subsidiaries during the year. On May 3, 1971, we opened First National City Bank (Inter-america) in Miami, Florida, and also obtained approval to establish First National City Bank (International-

Houston) in Texas, which we expect to open early in 1972.

Internationally, our initial investment of about \$27 million in the Industrial Acceptance Corporation group of companies in Australia was our largest single overseas purchase since we acquired a 40 percent interest in National and Grindlays Bank in Britain in 1969. I.A.C. is the second largest finance company in Australia with footings of about \$600 million. It plays a leading role in consumer financial services in that growing country and its earnings have been rising at about 15 percent a year. In addition, Citicorp participated with others in the formation of a new company, CitiNational (Holdings) Pty. Ltd., which operates in the Australian short-term money market through operating subsidiaries. These acquisitions, especially I.A.C., complement our existing business investments in Australia and provide us with a diversified capability to service the needs of Australian and international accounts.

In Africa, First National City Bank (Zaire) S.A.R.L. was opened in Kinshasa, capital of the country formerly known as The Democratic Republic of the Congo.

Finally, new banking offices were established during 1971 in The Cayman Islands and Haiti. By year's end, 18 new branches of Citibank and its banking subsidiaries had been added, bringing the total overseas to more than 650 offices, including affiliates. Nine new Citibank branches were added in New York City and Nassau and Westchester counties, bringing the domestic branch total to 209.

New Dimensions

In addition to its interest differential business, Citibank handles about \$14 billion of other peoples' money either in its capacity as an investment advisor or as a trustee. Last February we became the first bank to issue a detailed accounting to our stockholders, our customers and the general public on the manner in which we perform this stewardship. The report, entitled "The Anatomy of an Investment," listed the 50 largest common stock holdings and described the performance of our in-

vestment officers and the manner in which they arrived at decisions. The problem of security handling also received intensive attention, and our fully automated securities-handling system helped us keep pace with the activity on Wall Street.

We were the first bank to participate in the Central Certificate Service of the New York Stock Exchange for receiving and delivering securities, and toward the end of the year we became the first bank to participate as a depository member by moving the shares in selected agency accounts into the Central Certificate Service. We are also part of an industry effort to construct a central depository for shares in order to immobilize the movement of certificates, which now appears to be the best answer to the problem of handling millions of pieces of paper currently being delivered between brokers, dealers and banks.

Tomorrow's Technology

Citicorp has an enormous stake in the rapidly evolving electronic payments mechanism of the future. The capacity and skill base of our subsidiary, Transaction Technology Inc., located in Cambridge, Massachusetts, was enhanced when we acquired the technical personnel and patents of Scantlin Electronics Inc., located in California.

Transaction Technology Inc. has developed, and successfully tested, on-line point-of-sale terminals in the New York area for our Master Charge cardholders. It would appear that the on-line terminal, which can operate at an economical transaction cost, will be an integral part of the future payments mechanism, and Transaction Technology Inc. has invested over \$5 million in designing these systems, which are now and will become even more a constituent part of the financial service business.

Board Activities

Citicorp is a world corporation which derives about 50 percent of its total revenue from its international operations in more than 80 countries. It is vitally important that your Boards of Directors have first-hand knowledge of these operations. In October the

Boards of Directors journeyed abroad, to review our operations in the Arc of Asia, for the third time in recent years. While in Japan, the Boards saw presentations of our operations in that country, Hong Kong, Korea and Taiwan. Then the Boards traveled to Manila, Philippines, to hold their regular meetings and to review operations in that country and in Australia, Indonesia, Malaysia, Singapore and Thailand.

During the year we lost through retirement the dedicated skills of J. Howard Laeri, vice chairman, who was also a director of the Corporation. Thomas R. Wilcox, also a vice chairman and director, resigned to pursue private interests, and George C. Scott was elected a vice chairman and a member of the Board.

The untimely deaths of Joseph C. Wilson, a former director of the Corporation, and of William F. Oliver, a member of our Trust Board, were deeply regretted, as was that of Gordon Grand, a member of the Citibank Board, in mid-January 1972.

The Boards also lost through the operation of our regular retirement policy the services of John R. Kimberly, Charles G. Mortimer, Percy Chubb 2nd and John G. Hall. We are fortunate in attracting to membership on the Boards Arthur E. Larkin, Jr., president and chief operating officer of General Foods Corporation; William M. Rees, chairman and president of The Chubb Corporation; C. Peter McColough, chairman of the board and chief executive officer of Xerox Corporation; and Charles M. Pigott, president of Pacific Car and Foundry Company. Frank E. Barnett, who had served on our Trust Board, was elected to Citicorp's Board of Directors.

On our Trust Board there were also several retirements—The Honorable Louis P. Gélinas, Amory Houghton and Robert Winthrop, as well as Mr. Laeri and Mr. Wilcox. Three new members were appointed to it—Irving Rose, Edwin Thorne and Howard S. Tuthill.

Human Resources

At the end of the year about 37,700 men and women were at work in the U.S. and around the world. In the last

analysis, the skill of these people is our real product since they are the ones who invent, package, sell and service our financial products. Investment in the education of our officers and staff has long been a tradition at Citibank going back to the early days of this century. This year, almost 3,000 employees in New York City received student aid for college or university programs, and another 3,000 people attended specific training or educational courses. Overseas, where we operate full-scale training centers in San Juan, Manila and Beirut and conduct periodic training seminars in numerous other locations, the story was much the same. Overall, we expended a great deal of time and effort in many, many countries to raise educational levels of our officers and staff.

Looking Ahead

For the first time in 40 years the laws under which we operate have been liberalized to let us meet the broad financial service needs of the modern economy.

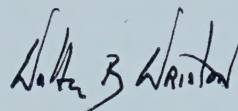
There are two principal dimensions to the opportunities made available to us by these liberalizations. First, they give us the ability to diversify domestically into new financial services which are related to and complement our basic business. In addition, they lift the geographic restrictions which have previously hindered our domestic expansion.

By expanding our financial activity through new Citicorp subsidiaries, we have been able to increase our aggregate return on risk assets by expanding our volume of activity in such high-yield areas as factoring, leasing and real estate financing. Not only are the gross yields more attractive than we have traditionally experienced in the banking business, but also we are able to increase our net spread by financing this lending through Citicorp with reserve-free commercial paper. Its net cost in 1971 averaged about 52 basis points less than Citibank's marginal cost of funds.

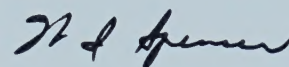
Additionally, we are able, through Citicorp's subsidiaries, to enter such fields as consulting and mortgage servicing where profits can be generated without significant investment

of funds or a commitment of capital, thus further enhancing our rate of return.

We anticipate that a continuation of these factors, coupled with better yields from our traditional interest differential business due to lower cost of funds in 1972, will facilitate substantial progress for Citicorp in the year ahead.



Walter B. Wriston
Chairman



William I. Spencer
President



Edward L. Palmer
Chairman of the
Executive Committee

Carta a los accionistas

El concepto actual de los valores demanda que todos hagamos una contribución constructiva a la sociedad. Ya no se debate más si es necesario mejorar la calidad de la vida. Lo que se busca es la mejor manera de hacerlo.

En tales circunstancias, ni los negocios ni la banca pueden desconocer el pasado, o separarse del futuro, pues todos los segmentos de la sociedad tienen un interés en el reordenamiento básico de las prioridades nacionales ahora en marcha. Lo fundamental es encontrar la posición más constructiva entre los que rehuyen sus responsabilidades sociales, en forma negativa, y los que consideran, lo que es igualmente fatal, que las empresas comerciales pueden resolver la totalidad de los problemas de la sociedad.

Existen ciertos aspectos básicos en relación con la responsabilidad de los negocios hacia la sociedad que reflejan el propósito de la existencia de toda empresa.

Por una parte, la sociedad ha delegado en las empresas comerciales e instituciones financieras la producción de bienes y servicios que el público necesita y requiere. Cuando desempeña cabalmente sus funciones en el campo económico, *Citicorp* ha cumplido su misión principal con la sociedad, pues está dando el rendimiento para el cual esa sociedad lo creó.

Sin embargo, la función económica no puede cumplirse a ciegas o en forma absoluta. Hoy la sociedad demanda de las empresas el suministro de bienes y servicios, sin perjudicar otros objetivos sociales. Por ejemplo, podría significar una economía a corto plazo para una empresa arrojar al río sus desechos nocivos, pero, con mayor insistencia, la sociedad no se muestra dispuesta a aceptar el daño consiguiente al ambiente, como el precio de la función económica de un negocio. Lo mismo podría decirse en relación con la publicidad engañosa, la discriminación de orden racial, o de cualquier otra naturaleza, o la asignación de recursos sin tomar en cuenta las necesidades sociales. En el otro extremo del espectro, ni los negocios ni la banca pueden seguir acaparando conocimientos. Es aquí, sin duda, donde el sector privado puede hacer su mayor

contribución. La capacidad organizativa de *Citicorp*, sus conocimientos en el campo económico y su pericia técnica tienen usos importantes de utilidad pública.

En una sociedad democrática, la solución de los problemas sociales depende no sólo de los negocios sino de cada uno de los elementos de esa sociedad. No faltan los que al sentirse frustrados por el cuidadoso proceso evolutivo en una democracia, tratan de imponer a las grandes empresas la responsabilidad primordial de fijar nuevos derroteros. Los que así piensan se olvidan de que en una sociedad democrática las cuestiones que deben tener prioridad se deciden por el voto en las urnas electorales y no por la junta directiva de las empresas. Nuestros representantes debidamente elegidos son los llamados a establecer nuestros objetivos y prioridades, y si no responden a los deseos del pueblo dejarán de ser reelegidos. Es dentro de la estructura de normas que ellos fijan donde la capacidad y los recursos de las empresas habrán de fructificar.

Una de las cosas que requieren atención preferente en la ciudad de Nueva York es el suministro de viviendas adecuadas para los que viven aquí. No existe tal cosa en la ciudad como casas o apartamentos baratos, pero debiera contar con viviendas para familias de bajos ingresos. Estas podrían construirse para ser luego ocupadas por inquilinos que pagarían el alquiler correspondiente a base de un subsidio. Vuestra institución se fijó como meta la financiación de 5.000 unidades en 1971, número que representa alrededor del 25 por ciento de las viviendas que se construyen anualmente en Nueva York. Logramos cumplir ese propósito y esperamos que para fines de 1972 nuestra intervención en dicho campo excederá la suma de 250 millones de dólares. En su totalidad, el programa contempla la construcción de 10.000 unidades en barriadas pobres para alojar a 30.000 personas. Podría tratarse del esfuerzo más ambicioso de su clase que haya intentado un banco comercial o una institución financiera de carácter no gubernamental.

Otra función importante de toda empresa es el suministro de oportuni-

dades de empleo a personas de grupos minoritarios para que se incorporen a la fuerza laboral del país en forma estable, con los sueldos y beneficios de que gozan otros miembros de nuestra sociedad.

El personal de *Citicorp* de la ciudad de Nueva York tiene un 32 por ciento de empleados de grupos minoritarios que disfrutan de la oportunidad de avanzar plenamente hasta donde su capacidad se los permita. Pero, lo que es aún más importante, estamos activamente empeñados en hacer posible que aquellos que carecen de conocimientos para desempeñar un puesto puedan convertirse en trabajadores útiles y productivos. Desde su fundación, nuestro *Canal Street Training Center* ha dado la preparación necesaria en diversas ocupaciones a 1.300 personas, en su mayoría de grupos minoritarios, a las que nuestra sociedad consideraba inempleables. Muchos de ellos han avanzado ya a puestos con responsabilidades.

Con el fin de hacer posible que madres desheredadas puedan trabajar, hemos establecido un plan especial para la financiación de centros para el cuidado de niños en la región metropolitana de Nueva York. Alrededor de 700 niños serán atendidos durante el día en tales centros, y recibirán también instrucción, mientras sus madres trabajan en empleos remunerados, en vez de depender del socorro social.

Finalmente, tenemos la obligación de financiar negocios de personas de grupos minoritarios, y hemos extendido préstamos a dichas empresas, las que dan empleo a miles de personas. Tan importante como los fondos que les suministramos ha sido el asesoramiento que han recibido de nuestro personal para contribuir al éxito de cada negocio.

En tal sentido, *Citicorp* actúa como un agente catalizador del bien público. Hemos hecho bastante, pero mucho queda por hacer.

El ambiente económico

Cambios dramáticos ocurrieron en 1971 en el ambiente financiero y político en los Estados Unidos y en todo el mundo. En el frente nacional, los datos estadísticos de los negocios no se tradujeron en un sentimiento opti-

mista, no obstante haber sido generalmente alentadores. Por consiguiente, procediendo en forma decisiva, el Presidente congeló el 15 de agosto los precios y jornales, y en noviembre la congelación dió paso a una serie de controles económicos, bajo la llamada Fase II. A pesar de la impresión en contrario, lo cierto es que los Estados Unidos terminaron el año con una tasa de inflación más baja que en cualquiera de los principales países industrializados del mundo, cosa que no es insignificante. Pero como ninguna burocracia, por bien intencionada que sea, puede reemplazar el juicio de más de 200 millones de americanos expresado libremente en el mercado, es de vital importancia para el futuro de nuestra economía que la Fase II genere su propia desaparición y, mientras más pronto, mejor.

En el campo internacional, y respondiendo a voces del exterior, el Presidente cerró la ventanilla del oro, dejando que el dólar buscara su propio nivel, a la vez que imponía un recargo arancelario del 10 por ciento a las importaciones. Al llegar el año a su fin, teníamos una nueva serie de tipos cambiarios con margen de cotización más amplio, a la vez que el recargo arancelario había desaparecido y progresaban activamente las negociaciones para un intercambio mundial más libre.

Mientras que varios sectores de nuestra sociedad se encaminaban hacia un sistema de controles, *Citibank*, nuestra principal subsidiaria, procedía a hacer que el tipo básico de interés para préstamos a sus clientes comerciales fuera más flexible que nunca, en respuesta a las demandas del mercado. El 21 de octubre, *Citibank* permitió que su tipo básico de interés fluctuara a un nivel por encima de la tasa pagada por papeles comerciales de la más alta categoría, con un vencimiento más o menos similar. En su propia manera, este paso puede haber sido tan importante en sus efectos en el negocio de servicios financieros del futuro como lo fué la introducción por *Citibank* del certificado negociable de depósito, en febrero de 1961. Como los tipos de interés del mercado fluctúan respondiendo a la ley de la oferta y la demanda, así como a las normas mone-

tarias y fiscales del momento, el certificado de depósito, que figura en el pasivo de nuestro balance, y el tipo fluctuante de interés, que figura en el activo, tenderán a ofrecer a nuestros accionistas y clientes una participación mayor en las ventajas inherentes a un mercado libre.

Nuestro rendimiento en las utilidades

La diversificación geográfica de nuestras operaciones y un número creciente de productos bancarios contribuyeron a un aumento del 16 por ciento en las utilidades, no obstante la turbulencia del ambiente.

En la presentación adjunta—“*Citicorp, lo que es hoy*”—enumeramos gran parte de los productos bancarios que *Citicorp*, sus subsidiarias y filiales ofrecen en los Estados Unidos y en el mundo en general y que contribuyeron a la producción de tal aumento.

Los ingresos antes de tomar en cuenta las ganancias o pérdidas por valores bursátiles, se elevaron a un total sin precedentes de 168.198.000 dólares, o sea un aumento del 16 ciento sobre la suma de 145.105.000 dólares correspondiente a 1970. Dicha suma equivale a 3,08 dólares por acción, en comparación con la de 2,67 dólares en 1970, después de hacer efectiva la división de 2 x 1 acciones aprobada por la asamblea anual de accionistas el mes de marzo. Estas cifras toman en cuenta la aplicación del sistema de contaduría recomendado por el American Institute of Certified Public Accountants para ciertas filiales en que nuestra participación es minoritaria. Las correspondientes a 1970 han sido recalculadas a base similar, con lo que las ganancias para ese año serían de 2,67 dólares por acción, en vez de 2,65.

Las transacciones en valores durante el año produjeron una ganancia de 875.000 dólares, después de deducidos los impuestos, contra una pérdida de 4.487.000 dólares en 1970. Después de agregar esa ganancia, los ingresos netos fueron de 169.073.000 dólares en 1971, contra 140.618.000 en 1970, lo que equivale a 3,09 dólares por acción, en vez de 2,59 dólares el año anterior.

Las cifras de nuestro estado financiero acusaron un alza notable. Los préstamos aumentaron en un 23 por

ciento y los depósitos, un 15 por ciento. Los fondos de capital ascendieron a 1.529.984.000 dólares mientras que el interés por acción de los accionistas aumentó de 22,69 a 24,28 dólares.

En 1971, *Citibank*, la principal subsidiaria de *Citicorp*, experimentó un pequeño aumento sobre el año anterior en el margen de diferencia entre los intereses abonados y los devengados en el curso de los negocios en Estados Unidos. Sin embargo, las utilidades fueron fuertes en otros sectores del negocio de servicios financieros de *Citicorp*, inclusive las operaciones en otros países.

Expansión de nuestras áreas de actividad

El año pasado informamos que la enmienda de que fue objeto la ley de compañías propietarias de bancos de 1956 *Bank Holding Company Act* puso fin prácticamente a la distinción entre empresas propietarias de un solo banco y las que lo son de dos o más. En tales circunstancias, *Citicorp* solicitó y obtuvo permiso de las autoridades reglamentarias para establecer un nuevo banco en el Condado de Suffolk, de Long Island, que está experimentando un rápido crecimiento. La nueva subsidiaria, *Citibank* (Suffolk), N.A., comenzó a funcionar el 24 de noviembre.

Citicorp aprovechó también cambios en las leyes del Estado de Nueva York que permiten la expansión de nuestra área de acción. Es así que hemos llegado a un acuerdo para la adquisición del Silver Creek National Bank, situado en las inmediaciones de la ciudad de Buffalo, y del State Bank of Honeoye Falls, cerca de Rochester. Cuando esas adquisiciones se efectúen, dichos bancos girarán bajo el nombre de *Citibank* (Western), N.A. y *Citibank* (Mid-Western), N.A., respectivamente. Las autoridades reglamentarias correspondientes están tramitando nuestras solicitudes de aprobación de estas dos adquisiciones. Hemos formulado planes también para extender nuestra penetración del mercado bancario en el resto del Estado de Nueva York.

Al amparo de la Ley Edge, establecimos otras subsidiarias bancarias durante el año. El 3 de mayo de 1971 abrimos en Miami, Florida, el First National City Bank (Interamerica), y

también obtuvimos permiso para establecer en Texas el First National City Bank (International-Houston), el que esperamos abrir a principios de 1972.

En el campo internacional, nuestra inversión de alrededor de 27 millones de dólares en el grupo de compañías de la Industrial Acceptance Corporation, en Australia, representa nuestra mayor adquisición en el extranjero desde que obtuvimos un interés del 40 por ciento en el National and Grindlays Bank de Gran Bretaña, en 1969. I.A.C., que es la segunda compañía financiera de Australia, tiene un activo de unos 600 millones de dólares. Está en la vanguardia en el ramo de servicios financieros para el consumidor, en un país en pleno crecimiento. Las ganancias de I.A.C. han venido aumentando a razón de un 15 por ciento anual. Además, *Citicorp* participó con otras empresas en la organización de una nueva compañía: CitiNational (Holdings) Pty. Ltd., que se desenvuelve en el mercado australiano de fondos a corto plazo, por medio de dos subsidiarias.

Estas adquisiciones, especialmente la de I.A.C. complementan nuestras actividades ya existentes en Australia y nos suministran la oportunidad de atender a las necesidades de clientes en dicho país, así como de cuentas de carácter internacional.

En Africa, el First National City Bank (Zaire) S.A.R.L., comenzó a funcionar en Kinshasa, la capital del país conocido anteriormente como la República Democrática del Congo.

Finalmente, durante 1971, establecimos nuevas oficinas bancarias en las Islas Cayman y en Haití.

En total, para fines de año, ya sea *Citibank* o sus subsidiarias, habían establecido 18 sucursales adicionales en países extranjeros, elevándose a más de 650 el número de nuestras oficinas o las de nuestras filiales en el exterior. En la ciudad de Nueva York y los condados de Nassau y Westchester abrimos nueve nuevas sucursales de *Citibank*, con lo que el total de nuestras sucursales en ese territorio sube ahora a 209.

Nuevas dimensiones

Además de su negocio basado en

diferencias en los tipos de interés, *Citibank* administra fondos ajenos que representan unos 14.000 millones de dólares, ya sea como asesor en cuestión de inversiones o como fideicomisario. El mes de febrero pasado pasamos a ser el primer banco en suministrar a nuestros accionistas y clientes y al público en general una cuenta detallada de la forma en que cumplimos esta función de confianza. Nuestro informe, titulado "*La anatomía de una inversión*," enumeraba las 50 acciones más importantes de nuestra cartera y describía la actuación de nuestros funcionarios a cargo de inversiones y la forma en que llegaban a una decisión. El problema del manejo de valores bursátiles también recibió especial atención, a la vez que nuestro sistema totalmente automatizado en relación con tal manejo nos ayudaba a mantenernos a tono con las actividades de Wall Street.

Fuimos el primer banco en participar en el Servicio Central de Certificados de la Bolsa de Nueva York para la recepción y entrega de valores y hacia fines del año pasamos a ser el primer banco también como miembro depositario al trasladar las acciones de cuentas selectas de agencia al Servicio Central de Certificados. Constituimos también parte de un esfuerzo de la industria con el fin de construir un depósito central de acciones, con el fin de inmovilizar el movimiento de certificados, lo que parece ser la mejor solución del problema del manejo de los millones de papeles que generalmente pasan por las manos de los corredores, los negociantes y los bancos.

La tecnología del mañana

Citicorp tiene un enorme interés en el mecanismo de pagos por la vía electrónica que ya se encuentra en rápido proceso de desenvolvimiento. La capacidad técnica de nuestra subsidiaria Transaction Technology Inc., situada en Cambridge (Massachusetts), se amplió cuando adquirimos las patentes y el personal científico de Scantlin Electronics, situada en California.

Transaction Technology Inc. ha diseñado y experimentado con éxito terminales con acceso directo a las computadoras en los puntos de venta, en la región de la ciudad de Nueva York,

en beneficio de los usuarios de nuestra tarjeta de crédito *Master Charge*. Podría ser que esos terminales con acceso directo, que pueden funcionar a un costo económico por transacción, llegaran a convertirse en parte integral de los mecanismos de pago del futuro. Transaction Technology Inc. ha invertido más de cinco millones de dólares en diseñar estos sistemas, los que constituyen ya parte de nuestras actividades de servicios financieros y habrán de desempeñar un papel aún mayor en el futuro..

Actividades de las juntas directivas

Citicorp es una empresa de proyecciones mundiales que deriva casi el 50 por ciento de sus ingresos totales de sus operaciones internacionales en más de 80 países. Es de vital importancia, por consiguiente, que nuestras juntas directivas adquieran un conocimiento directo de tales operaciones. En octubre, esas juntas viajaron al exterior, por tercera vez en años recientes, para pasar revista a nuestras actividades en el arco de Asia. En Japón, nuestros directores tuvieron oportunidad de ver presentaciones de nuestras operaciones en ese país, en Hong Kong, Corea y Taiwan. Luego viajaron a Manila, para celebrar allí sus reuniones ordinarias y también para pasar revista a las operaciones en las Filipinas, Australia, Indonesia, Malasia, Singapur y Tailandia.

Durante el año perdimos, por haberse jubilado, los valiosos servicios de J. Howard Laeri, vice chairman y también director de *Citicorp*. Thomas R. Wilcox, también vice chairman y director, renunció para dedicarse a sus intereses privados, a la vez que George C. Scott fue elegido como uno de los vice chairman y miembro de la Junta.

Tuvimos que lamentar la inesperada muerte de Joseph C. Wilson, que fue director de la Corporación, así como el fallecimiento de William F. Oliver, que fue miembro de nuestra Junta de Fideicomisarios, y de Gordon Grant, uno de los directores de *Citibank*, a mediados de enero de 1972.

En vista de nuestros planes de jubilación, la Junta Directiva perdió también los servicios de John R. Kimberly, Charles G. Mortimer, Percy Chubb 2nd, John G. Hall.

Somos afortunados en atraer a nuestras Juntas, como miembros, a Arthur E. Larkin, Jr., presidente de la General Foods Corporation; William M. Rees, presidente de la Junta Directiva y presidente de The Chubb Corporation; C. Peter McColough, presidente de la Junta Directiva y primer funcionario ejecutivo de Xerox Corporation; y Charles M. Pigott, presidente de Pacific Car and Foundry Company. Frank E. Barnett, que había servido en nuestra Junta de Fideicomisarios fue elegido a la Junta Directiva de *Citicorp*.

Tuvimos también retiros en nuestra Junta de Fideicomisarios: el Honorable Louis P. Gélinas, Amory Houghton y Robert Winthrop, así como los señores Laeri y Wilcox. Tres nuevos miembros fueron elegidos a la misma: Irving Rose, Edwin Thorne y Howard S. Tuthill.

Recursos humanos

Al terminar el año, alrededor de 37,700 personas, hombres y mujeres, estaban en nuestro servicio en Estados Unidos y en otros países. En último análisis, nuestro verdadero capital es la pericia de esos empleados, pues son ellos los que crean, dan presentación, ofrecen y respaldan nuestros "productos" financieros. Nuestra inversión en la preparación adecuada de nuestros funcionarios y demás empleados es en *Citibank* una tradición que se remonta a los comienzos de este siglo.

Este año, casi 3.000 de nuestros empleados de la ciudad de Nueva York se beneficiaron con ayuda de *Citicorp* para proseguir cursos universitarios, mientras otros 3.000 recibían cursos específicos de instrucción práctica. En

países del extranjero, en los que mantenemos centros de preparación permanentes, como en San Juan, Manila y Beirut, así como seminarios periódicos en otros puntos, la situación es bastante parecida.

En general, es grande el tiempo y el esfuerzo que hemos dedicado en numerosos países a elevar los conocimientos de nuestros funcionarios y empleados.

Viendo hacia el futuro

Por primera vez en 40 años, las leyes que rigen nuestras operaciones han sido objeto de reformas que ahora nos permiten hacer frente a los amplios servicios financieros que requiere la economía moderna.

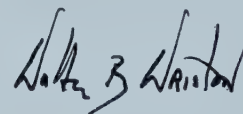
Estas liberalizaciones han puesto a nuestra disposición dos importantes innovaciones. En primer lugar, nos permiten diversificar nuestras actividades en el campo nacional para rendir nuevos servicios financieros que tienen relación y complementan nuestro negocio básico. En segundo lugar, han hecho desaparecer las restricciones geográficas que anteriormente dificultaban nuestra expansión local.

Al expandir nuestras actividades en el campo de los préstamos por medio de nuevas subsidiarias de *Citicorp*, nos ha sido posible aumentar nuestras utilidades en el caso de operaciones con cierto elemento de riesgo, tales como el descuento de cuentas por cobrar, los arriendos de equipos y la financiación de bienes raíces, en las que el rédito es alto. Y no sólo son las utilidades brutas de dichas operaciones más atrayentes de las que logramos en el negocio tradicional de la banca, sino que nos hacen posible aumentar nuestro margen neto, financiando los préstamos conexos con papel comercial no sujeto a reservas. En el año que acaba de terminar, el costo neto de tales fondos promedió 52 puntos menos que el costo marginal de fondos de *Citibank*.

Además, por conducto de subsidiarias de *Citicorp*, nos es posible ahora actuar en campos nuevos, tales como el de consultoría y administración de

hipotecas, en que se puede crear utilidades sin exponer fondos en forma significativa o comprometer capital, incrementando aún más nuestra tasa rentística.

Anticipamos que la continuación de nuestras actividades en tales campos, unida a mayores rendimientos en nuestro negocio tradicional basado en diferencias en los tipos de interés, como consecuencia de un costo menor de los fondos en 1972, habrá de dar paso a un progreso notable en las operaciones de *Citicorp* en el año que ha comenzado.



Walter B. Wriston
Chairman



William I. Spencer
President



Edward L. Palmer
Chairman of the
Executive Committee

Lettre à nos Actionnaires

Le système de valeurs qui a cours aujourd'hui exige que chacun d'entre nous apporte une contribution positive à l'organisation sociale. On ne se demande plus s'il faut améliorer la qualité de la vie. La seule question est de savoir quel est le meilleur moyen d'y parvenir.

Dans ces conditions, l'industrie et la banque n'ont ni à renier leur passé ni à se désolidariser du monde de demain. Tous les secteurs de la société sont en effet concernés par la révision radicale des priorités nationales à laquelle on assiste aujourd'hui. Le fond du problème est de déterminer la position la plus constructive entre l'attitude négative d'un refus des responsabilités sociales et l'illusion, également pernicieuse, que la monde des affaires est capable de résoudre tous les problèmes de l'humanité.

La responsabilité sociale de l'entreprise a trois aspects dont chacun est le reflet de son objet même.

En premier lieu, les entreprises et les établissements de crédit ont été investis par la société de la tâche de produire des biens et des services dont le public a besoin et qu'il demande. Chaque fois que la Citicorp s'acquitte convenablement de sa fonction économique, elle accomplit la première de ses tâches sociales qui est de servir la société dans le rôle pour lequel la société l'a créée.

Cette fonction économique ne peut cependant pas s'exercer dans l'absolu ni de façon aveugle. Aujourd'hui, le corps social attend des entreprises qu'elles fournissent des biens et des services d'une manière qui ne contrarie pas les autres impératifs sociaux. Il peut être, par exemple, plus économique, à court terme, pour une entreprise industrielle de rejeter des effluents nocifs dans une rivière, mais les hommes accepteront de moins en moins que la fonction économique de l'entreprise se traduise par une atteinte à l'environnement. On pourrait parler également de la publicité trompeuse, de la discrimination—raciale ou autre—ou de l'exploitation inconsidérée des ressources naturelles. Dans un tout autre ordre d'idées, l'entreprise et la banque n'ont plus le droit de monopoliser à leur profit les connaissances qu'elles possèdent. C'est à cet égard que la con-

tribution du secteur privé peut être la plus importante. L'expérience de la Citicorp en matière d'organisation, ses connaissances économiques et ses capacités techniques ont un rôle social important à jouer.

Dans un pays démocratique, la solution des problèmes sociaux n'est pas uniquement du domaine de l'entreprise. Elle dépend, au contraire, de tous les éléments du corps social. Or, certains, mécontents de la manière prudente dont s'opèrent les changements dans une société démocratique, essaient de mettre à la charge de l'entreprise la responsabilité de la détermination d'objectifs nouveaux. Ils oublient que dans un pays démocratique ce sont les électeurs et non les conseils d'administration qui fixent les priorités nationales. Se sont nos élus qui établissent les objectifs et les priorités, et si leurs choix ne sont pas ceux de la population, ils ne sont pas réélus. C'est dans le cadre ainsi fixé que l'on doit faire appel aux talents et aux ressources des entreprises.

Par exemple, l'une des principales priorités de la ville de New York est de fournir à tous ses citoyens d'habitations adéquates. On ne peut pas construire à bon marché à New York, mais il faut quand-même construire pour pouvoir offrir des logements aux familles à faibles ressources qui bénéficient d'allocations-logement. Votre société s'est fixé en 1971 l'objectif de financer la construction de 5.000 logements, soit environ le quart du nombre construit annuellement à New York. Nous avons atteint notre objectif en 1971, et nous estimons qu'à la fin de 1972 les sommes que nous aurons engagées à cette fin dépasseront 250 millions de dollars. La totalité du programme en cours porte sur la construction de 10.000 logements qui permettront de loger 30.000 NewYorkais dans les quartiers défavorisés. Il s'agit de l'effort le plus ambitieux qui ait jamais été fait par une banque de dépôts ou un établissement de crédit privé.

Une autre fonction importante de chaque entreprise est de fournir du travail aux membres des minorités raciales de façon à leur permettre de rejoindre les rangs de la population active et de bénéficier toute l'année,

comme le reste de la population, de la stabilité de l'emploi, avec tous les avantages qui en découlent sur le plan des salaires et des avantages sociaux.

Nous comptons dans notre personnel à New York 32 pour cent de personnes appartenant aux groupes minoritaires et leur offrons de faire carrière dans toute la mesure de leurs capacités. Mais, chose plus importante encore, nous nous occupons activement de permettre à ceux qui sont dépourvus de qualification professionnelle de devenir des salariés productifs. Depuis sa création, notre Centre de formation de Canal Street a déjà fourni à 1.300 personnes, originaires pour la plupart de groupes raciaux minoritaires et considérées jusqu'alors comme inemployables, des qualifications professionnelles appréciées. Nombre d'entre elles ont déjà été promues à des postes de maîtrise.

A l'intention des mères qui autrement ne pourraient travailler en raison de difficultés exceptionnelles, nous avons créé un régime de prêts destinés à financer l'ouverture de garderies d'enfants dans toute l'agglomération new-yorkaise. Ces centres recevront environ 700 enfants et les feront profiter d'une surveillance éducative spéciale, tandis que leurs mères, naguère entièrement dépendantes d'allocations d'assistance sociale, ont aujourd'hui un emploi et gagnent leur vie.

Enfin, nous considérons comme un devoir de contribuer au financement d'entreprises appartenant aux groupes minoritaires beaucoup d'entre elles, employant environ 1.000 personnes, ont reçu des prêts, mais les conseils financiers et l'assistance de gestion qui ont été fournis à ces entreprises pour leur permettre de réussir ont autant d'importance que le financement lui-même.

De ces diverses façons, la Citicorp agit donc comme un catalyseur du progrès social. Nous avons fait beaucoup; d'avantage resté à faire.

Le Climat des Affaires

Au cours de l'année 1971, le contexte politique et financier dans lequel la Citicorp exerce ses activités a subi des modifications très importantes aux Etats-Unis et à travers le monde. Aux

Etats-Unis, une amélioration assez générale de la conjoncture n'a pas suffi à restaurer la confiance, et le 15 août dernier le président prenait la décision radicale d'instituer un blocage général des salaires et des prix. Au mois de novembre, un ensemble de mesures de contrôle, désigné sous le nom de "Phase II," remplaçait le blocage institué au mois d'août. Bien que l'impression contraire prévaille parfois, les Etats-Unis ont terminé l'année avec le taux d'inflation le moins élevé de tous les principaux pays industrialisés, et ce résultat n'est pas mince. Aucun dirigisme, si bien intentionné qu'il soit, ne peut remplacer la valeur des choix exercés par plus de 200 millions d'Américains dans le cadre d'une économie de marché. Il est par conséquent vital pour l'avenir de l'économie américaine que la "Phase II" meure de sa belle mort le plus tôt possible.

Sur le plan international, le président des Etats-Unis, répondant aux voix qui se faisaient entendre à l'étranger, a suspendu la convertibilité du dollar et, de ce fait, a laissé flotter la monnaie. Il a en outre imposé une surtaxe de 10 pour cent sur les importations. La fin de l'année a vu la fixation de nouveaux taux de change entre les monnaies, l'élargissement des marges de fluctuation, la suppression de la surtaxe et le déroulement de négociations actives en vue d'une libération du commerce mondial.

Au moment même où divers secteurs de l'économie entraient dans un cadre dirigiste, notre principale filiale, la "Citibank," prenait certaines mesures pour assouplir le taux de base de ses prêts commerciaux et lui permettre de suivre mieux encore les tendances du marché. Depuis le 21 octobre, le taux de base de la Citibank suit les variations du taux de la meilleure catégorie de papier commercial d'échéance comparable, auquel il se trouve relié par un différentiel. Il se peut que les conséquences de cette innovation soient aussi importantes pour la profession bancaire dans les années à venir que l'ont été celles de la création en février 1961 par la Citibank des certificats de dépôt négociables. Les taux du marché variant en fonction de l'offre et de la demande, ainsi que de la politique

monétaire et fiscale, les certificats de dépôt au passif de notre bilan et, à l'actif, le taux de base flottant, tendent à mieux faire profiter nos actionnaires et nos clients des avantages de l'économie de marché.

Résultats de l'exercice

La diversité géographique des opérations de la Citicorp et le nombre croissant des services qu'elle assure ont permis une progression des résultats de 16 pour cent malgré l'ambiance troublée de l'année. La brochure La Citicorp d'aujourd'hui décrit nombre des services commercialisés aux Etats-Unis et dans le reste du monde par la Citicorp, ses filiales et les autres sociétés du groupe dont l'ensemble a contribué au résultat atteint.

Les résultats avant profits (ou pertes) sur titres ont atteint le chiffre record de 168.198.000 de dollars, augmentation de 16 pour cent par rapport au chiffre de 1970 qui s'élevait à 145.105.000 de dollars. Le montant du bénéfice par action est de 3,08 dollars contre 2,67 dollars en 1970, compte tenu du dédoublement du capital intervenu dans le cadre de la résolution adoptée par l'assemblée générale annuelle de mars dernier. Ces chiffres tiennent compte de l'application de la réforme des comptes de passif, pour certaines sociétés affiliées où nous tenons des intérêts minoritaires, recommandée par la American Institute of Certified Public Accountants. Pour permettre une comparaison valable, les chiffres de 1970 ont été recalculés sur les mêmes bases, ce qui conduit à porter à 2,67 dollars par action au lieu de 2,65 dollars le bénéfice déclaré de l'année en question.

Les opérations sur titre réalisées au cours de l'année ont dégagé un profit après impôt de 875.000 dollars au lieu d'une perte de 4.487.000 de dollars en 1970. Compte tenu de ce profit, le résultat net de l'exercice s'élève à 169.073.000 de dollars contre 140.618.000 de dollars en 1970. Ceci correspond à 3,09 dollars par action en 1971 contre 2,59 dollars en 1970.

Les chiffres de notre bilan sont en progression marquée, les prêts ont augmenté de 23 pour cent, et les dépôts de 15 pour cent.

Les fonds propres s'élèvent à

1.529.984.000 de dollars, et les fonds propres ramenés au niveau d'une action sont en hausse de 22,69 dollars à 24,28 dollars.

En 1971, la Citibank, principale filiale de la Citicorp n'a enregistré qu'une faible augmentation du solde de ses intérêts débiteurs et de ses intérêts créditeurs dans le cadre de ses opérations aux Etats-Unis, mais d'autres secteurs parmi les activités financières de la Citicorp, notamment les opérations à l'étranger, ont réalisé des bénéfices importants.

Extension de Notre Domaine Géographique

Nous avons indiqué l'an dernier que la modification de la loi de 1956 sur les holdings bancaires avait pratiquement supprimé la distinction qui existait du point de vue de la réglementation entre les holdings ne possédant qu'une filiale bancaire et celles qui en possédaient plusieurs. Dans ces conditions, la Citicorp a demandé et obtenu de l'administration l'autorisation de créer une nouvelle banque dans le comté de Suffolk, secteur en plein développement de Long Island. Cette nouvelle filiale, Citibank (Suffolk), N.A., a été inaugurée le 24 novembre.

La Citicorp a également profité des modifications intervenues dans la législation de l'état de New York pour étendre le domaine géographique de ses opérations. Nous avons conclu certains accords pour le rachat de la Silver Creek National Bank, à proximité immédiate de Buffalo, et de la State Bank of Honeoye Falls à côté de Rochester.

Dès que les opérations de rachat seront terminées, ces deux banques seront rebaptisées respectivement Citibank (Western), N.A. et Citibank (Midwestern), N.A. Les demandes d'approbation relatives à ces deux acquisitions ont été déposées auprès des autorités compétentes, et des projets ont été établis pour l'extension de notre activité bancaire au reste de l'état de New York.

Nous avons également augmenté le nombre de nos filiales bancaires constituées dans le cadre de la loi Edge. Le 3 mai 1971, nous avons ouvert en Floride à Miami la First National City Bank (Interamerica), et nous avons

par ailleurs obtenu l'autorisation de créer au Texas la First National City Bank (International-Houston) que nous pensons ouvrir au début de 1972.

Sur le plan international, les quelques 27.000.000 de dollars que nous avons investis dans le rachat du groupe australien Industrial Acceptance Corporation représentent le plus gros investissement que nous ayons réalisé à l'étranger depuis que nous avons pris un intérêt de 40 pour cent dans la National and Grindlays Bank en Grande Bretagne en 1969. L'Industrial Acceptance Corporation est le deuxième groupe financier d'Australie, et le chiffre de son bilan consolidé s'élève à environ 600 millions de dollars. Il joue un rôle de premier plan dans le crédit au grand public de ce pays en plein développement. Ses résultats progressent au rythme d'environ 15 pour cent par an. En outre, la Citicorp a participé avec d'autres à la création d'une nouvelle société, la CitiNational (Holdings) Pty. Ltd., qui opère sur le marché australien du court terme, par l'intermédiaire d'une société affiliée.

En Afrique, la First National City Bank (Zaïre) S.A.R.L. a été inaugurée à Kinshasa, capitale du pays connu précédemment sous le nom de République Démocratique du Congo.

Enfin, l'année 1971 a vu l'ouverture de nouveaux guichets aux Iles Cayman et à Haiti. A la fin de l'année 1971, le nombre d'agences de la banque ou de ses filiales à l'étranger s'était accru de 18 et atteignait ainsi plus de 650, tandis qu'à New York même et dans les comtés de Nassau et de Westchester l'ouverture de neuf nouvelles agences portait leur nombre total à 209.

Des Voies Nouvelles

La Citibank ne fait pas seulement le commerce traditionnel de l'argent. Environ 14 milliards de dollars de l'argent d'autrui lui passent entre les mains, soit en sa qualité de conseiller de placement, soit en tant que gérant de portefeuilles. Au mois de février dernier, nous avons décidé d'adresser à nos actionnaires, à nos clients et au grand public un rapport détaillé sur la manière dont nous assurons cette gestion. Ce rapport, intitulé *Anatomy of an Investment*, donnait une liste des

50 principales sociétés de participations et décrivait l'action des responsables de nos services de placement, en expliquant la manière dont ils prenaient leur décisions. Le problème de la manipulation des titres a fait également l'objet d'une attention toute particulière, et l'automatisation complète de ce service nous a permis de suivre la croissance de l'activité boursière.

Nous avons été la première banque à participer au service central des certificats de la Bourse de New York, dont la fonction est le retrait ou la remise des titres, et, à la fin de l'année, nous avons été la première banque à y effectuer des dépôts en transférant au service central les actions de certains portefeuilles sélectionnés. Nous participons également à une initiative professionnelle visant à créer un dépôt central d'actions permettant de supprimer les transferts de certificats. Cette formule paraît en effet la meilleure pour résoudre le problème que pose actuellement la circulation de millions de papiers entre les agents de change, les courtiers et les banques.

La Technique de Demain

La Citicorp a d'énormes intérêts dans l'avenir des mécanismes de paiement électroniques dont l'évolution est désormais rapide. Le rachat de la Scantlin Electronics en Californie s'est traduit par un apport de personnel technique et de brevets qui renforce le potentiel de notre filiale Transaction Technology Inc. de Cambridge, Massachusetts. La Transaction Technology Inc. a mis au point et essaie actuellement avec succès des terminaux en direct situés dans les points de vente et accessibles aux titulaires de nos cartes de crédit Master Charge. Il semble que le coût de fonctionnement d'un terminal en direct soit économique et qu'il puisse constituer à l'avenir un élément intégral du mécanisme des règlements. Transaction Technology Inc. a investi plus de 5 millions de dollars dans la conception de ces systèmes qui représentent déjà, et seront de plus en plus, un élément essentiel des services bancaires.

Activités des Conseils D'Administration

La Citicorp est une entreprise mondiale dont les résultats provien-

nent pour presque 50 pour cent de ses activités à l'étranger. Il est donc d'une importance vitale que vos conseils d'administration disposent d'informations de première main sur ces opérations. En octobre, les administrateurs ont effectué un voyage à l'étranger, le troisième depuis quelques années, afin d'examiner l'état de nos affaires dans le sud-est asiatique. Pendant leur séjour au Japon, vos administrateurs se sont fait exposer nos activités dans ce pays ainsi qu'à Hong-Kong, en Corée et à Formose. Puis vos administrateurs se sont rendus à Manille, aux Philippines, pour tenir leur réunion habituelle et passer en revue nos activités aux Philippines ainsi qu'en Australie, Indonésie, Malaisie, Singapour et en Thaïlande.

Au cours de l'année, nous avons été privés, par suite de son départ en retraite, des services éminents de J. Howard Laeri, vice chairman et administrateur de notre société. Thomas R. Wilcox, également vice chairman et administrateur, nous a quittés aussi pour se consacrer à des affaires personnelles, alors que George C. Scott était appelé au conseil et élu vice chairman.

Nous avons eu la profonde tristesse de perdre également Joseph C. Wilson, précédemment administrateur de la Citicorp, William F. Oliver, membre du trust board, et Gordon Grand, administrateur de la banque, décédés.

Votre conseil a perdu d'autre part certains membres frappés par la limite d'âge. Ce sont John R. Kimberly, Charles G. Mortimer, Percy Chubb 2nd et John G. Hall. Votre conseil a eu en revanche la chance de s'assurer les services d'Arthur E. Larkin, Jr., président et chief operating officer de la General Foods Corporation, William M. Rees, chairman et président de la Chubb Corporation, C. Peter McColough, chairman et chief executive officer de la Xerox Corporation et de Charles M. Pigott, président de la Pacific Car and Foundry Company. Frank E. Barnett, qui était membre de notre Trust Board a été nommé administrateur de la Citicorp. Notre Trust Board s'est trouvé également amputé par le départ en retraite de plusieurs de ses membres. Ce sont l'honorable Louis P. Gélinas,

Amory Houghton et Robert Winthrop, ainsi que M.M. Laeri et Wilcox. Trois nouveaux membres ont été appelés à y siéger: Irving Rose, Edwin Thorne et Howard S. Tuthill.

Le Capital Humain

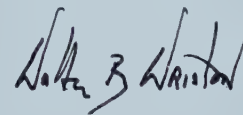
A la fin de l'année, notre personnel en activité comptait environ 37.700 personnes tant aux Etats-Unis qu'à l'étranger. Leurs qualifications professionnelles représentent en dernière analyse notre meilleure marchandise, puisque ce sont elles qui inventent, conditionnent, vendent et entretiennent nos services financiers. A la Citibank, il est de tradition depuis du siècle d'investir dans la formation des cadres et des employés. A New York, cette année, près de 3.000 employés ont reçu de la Citicorp des bourses d'études universitaires, tandis que 3.000 autres suivaient les programmes de formation ou de recyclage de notre institut. Il en a été de même à l'étranger, où nous avons à San Juan, Manille et Beyrouth des centres de formation permanents et dans de nombreux autres endroits des stages périodiques. D'une façon générale, nous avons consacré énormément de temps et d'efforts à développer dans de très nombreux pays le niveau de connaissance de nos cadres et de nos employés.

Regard sur L'Avenir

Les lois qui régissent notre activité ont été libéralisées pour la première fois depuis 40 ans, et nous permettent de faire face aux immenses besoins de l'économie moderne en matière de services financiers. Cette libéralisation nous ouvre deux sortes d'horizons nouveaux. D'une part, elle nous autorise à diversifier notre activité aux Etats-Unis et à fournir de nouveaux services financiers dans des domaines qui s'apparentent à notre activité de base et la complètent. D'autre part, elle supprime les restrictions géographiques qui ont gêné dans le passé notre expansion aux Etats-Unis.

L'extension de notre activité de crédit par l'intermédiaire de nouvelles filiales de la Citicorp nous a permis d'augmenter le rendement global de nos disponibilités. Le développement de notre chiffre d'affaires dans des

domaines fortement rentables comme le 'factoring,' le crédit bail et le financement de l'immobilier nous a non seulement apporté des marges brutes plus intéressantes que celles fournies par les activités bancaires traditionnelles, mais nous a aussi permis d'accroître le volume de nos opérations, car leur financement a été assuré par l'intermédiaire de la Citicorp au moyen d'émissions de papier commercial dispensées de l'obligation de réserve. Leur prix de revient net a été, en 1971, inférieur en moyenne de 0,52 "basis points" au prix de revient des fonds dont dispose normalement la Citibank. Enfin, nous sommes en mesure d'aborder par l'intermédiaire des filiales de la Citicorp de nouveaux domaines comme les activités de conseil d'entreprise ou la gestion d'hypothèques qui rapportent sans investissements appréciables ni engagements de capitaux importants et améliorent par conséquent la rentabilité du groupe. Nous pensons que, grâce à ces nouveaux développements et à l'amélioration de la rentabilité de notre fonction bancaire traditionnelle, due à l'abaissement du prix de revient de nos fonds en 1972, la Citicorp connaîtra au cours de l'année à venir un progrès sensible de ses activités.



Walter B. Wriston
Chairman



William I. Spencer
President



Edward L. Palmer
Chairman of the
Executive Committee

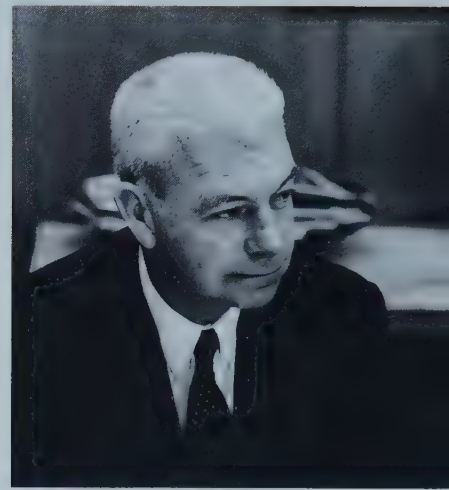
The Policy Committee



George C. Scott
Vice Chairman



G. A. Costanzo
Executive Vice President



Edward L. Palmer
Chairman of the Executive Committee



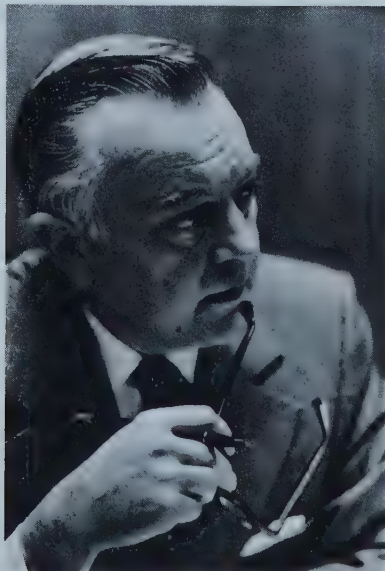
James D. Farley
Executive Vice President



Leif H. Olsen
Senior Vice President and Economist



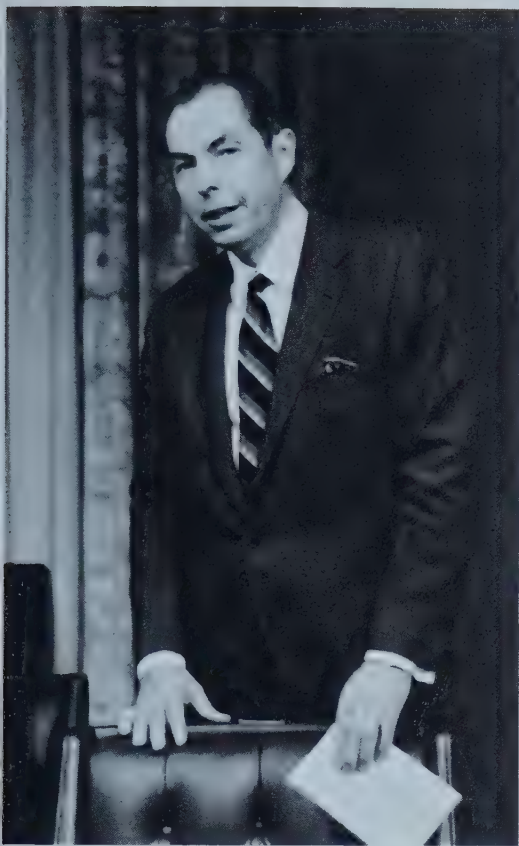
Bernard T. Stott
Comptroller



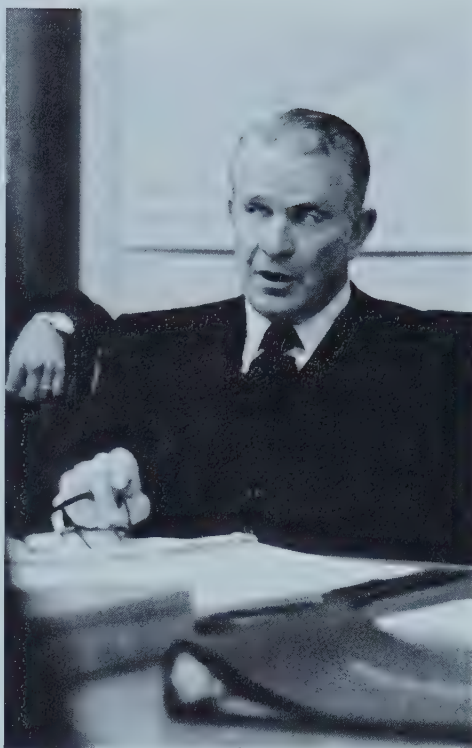
Carl W. Desch
Senior Vice President and Cashier



John J. Larkin
Senior Vice President



Walter B. Wriston
Chairman



William I. Spencer
President



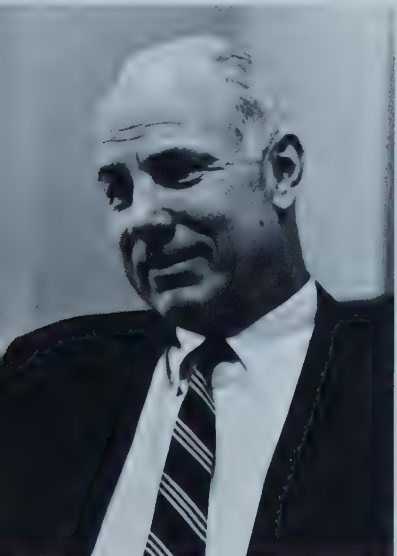
John S. Reed
Executive Vice President



Thomas C. Theobald
Executive Vice President



Richard E. Stewart
Senior Vice President and General Counsel



Thomas F. Creamer
Executive Vice President



Robert W. Feagles
Senior Vice President



Reuben F. Richards
Executive Vice President

Financial Summary

Increase in Earnings

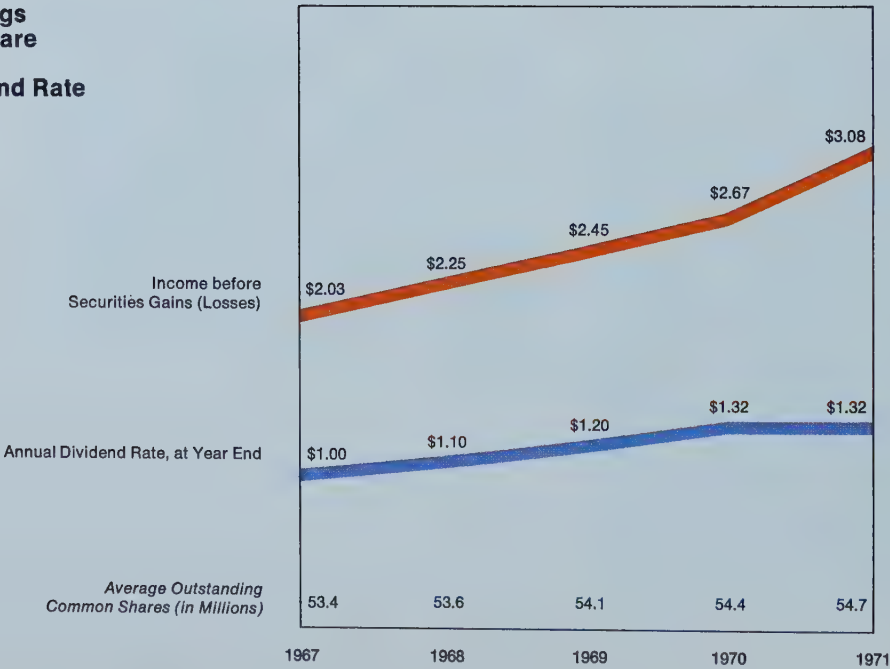
	1971	1970	Increase
Income before Securities Gains (Losses)	\$168,198,000	\$145,105,000	16%
Net Income	169,073,000	140,618,000	20%

Income before Securities Gains (Losses) was \$3.08 per share for 1971, an increase of \$.41 over the restated comparable figure of \$2.67 in 1970. Securities gains, after tax effect, amounted to \$875,000 in 1971 compared with a loss of \$4,487,000 in 1970. Net Income per share was \$3.09 in 1971, up from a restated figure of \$2.59 in 1970. Per share figures reflect the 2-for-1 stock split effective March 31, 1971.

Income figures include for the first time Citicorp's pro-rata share of the undistributed income of 20% to 50%-owned affiliates and an appropriate provision for taxes on undistributed income of subsidiaries and affiliates. Figures for 1970 have been restated to provide comparability.

In 1971 about 50% of total revenue, based on internal allocations, was derived from international operations.

Earnings Per Share and Dividend Rate



Revenue and Expense

	1971	1970	Increase
Interest Income	\$1,553,393,000	\$1,499,065,000	4%
Interest Expense	903,828,000	943,714,000	-4%
Net Interest Income	\$ 649,565,000	\$ 555,351,000	17%

Net Interest Income is the largest single component of Citicorp's earnings. On a world-wide basis Interest Income increased 4% in 1971 while Interest Expense dropped 4% resulting in improved interest spread of \$94,214,000, up 17%. Interest and Fees on Loans in domestic offices declined compared with 1970; this reduction was more than offset by additional income from lending activity at overseas offices. Interest and Dividends on Investment Securities were up \$24,317,000 to \$171,467,000.

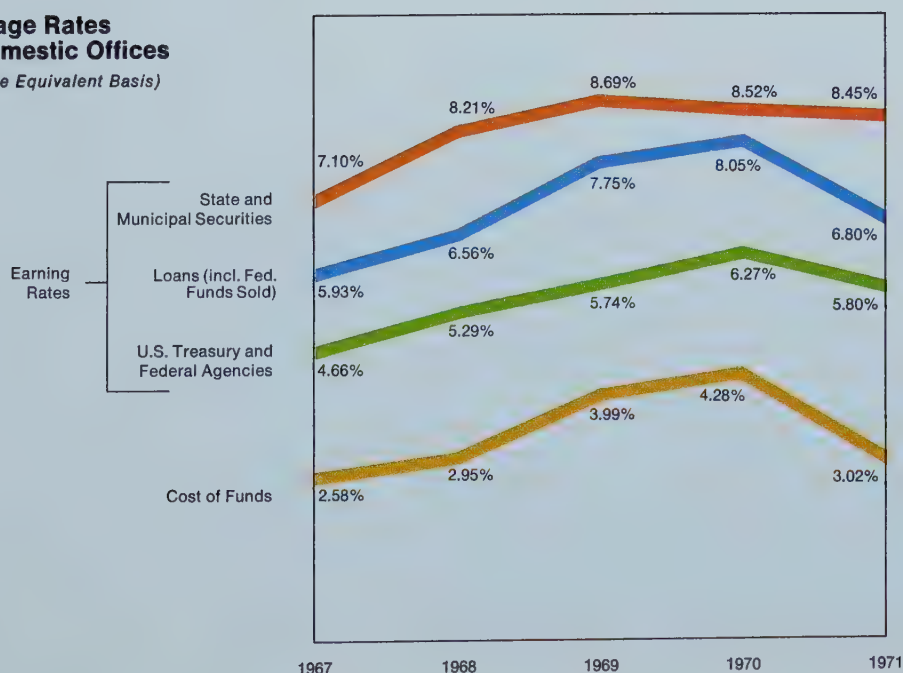
Reflecting the drop in U.S. interest rates generally in 1971, average earning rates in domestic offices declined, on a taxable equivalent basis, both on Loans and Investment Securities. At the same time Average Cost of Funds domestically came down sharply.

Trading Account Profits and Commissions fell to \$8,835,000 from \$22,596,000 in 1970. Investment Management and Agency Fees climbed 19% to \$56,915,000. Other Revenue increased significantly during the year from \$136,522,000 to \$169,441,000.

Operating Expense, excluding interest paid, increased \$74,712,000 in 1971, up 14% over 1970. The principal components were increases of \$36,113,000 in Salaries and related staff costs, \$9,100,000 in the Provision for Possible Losses on Loans and \$16,072,000 in Other Expense. The Provision for Possible Losses on Loans is computed by applying to average total loans for the current year the ratio of net loan losses to average total loans for the most recent five year period. While the Provision for Possible Losses on Loans was up, actual loan losses, net of recoveries, declined \$2,193,000 compared with 1970.

Average Rates in Domestic Offices

(Taxable Equivalent Basis)



Growth in Deposits, Assets and Capital Accounts

	1971	1970	Increase
Deposits	\$24,260,074,000	\$21,012,779,000	15%
Loans	18,453,749,000	15,017,495,000	23%
Total Assets	29,302,012,000	25,840,073,000	13%

At year-end 1971, Deposits of \$24,260,074,000, Loans of \$18,453,749,000, Capital Accounts of \$1,529,984,000 and Total Assets of \$29,302,012,000 were at record levels. Total Deposits in Domestic Offices were at an all time high at year end; Negotiable Certificates of Deposit were a relatively attractive source of short-term funds for domestic use and, reflecting this, Time Deposits in Domestic Offices increased 30% during the year from \$4,825,330,000 to \$6,275,579,000. Deposits in Overseas Offices showed a 22% increase over 1970 year end and closed the year at a record high figure of \$10,626,004,000. The realignment of foreign currencies which occurred late in the year did not have a material impact on this total. At year-end 1971, Eurocurrency balances of offices abroad redeposited in New York for domestic use were minimal. This represents a considerable change from 1970 when there was heavy reliance on this source of funds to meet domestic requirements.

Average deposits world-wide increased by \$3,442,000,000, up 19% over the comparable 1970 figures reflecting substantial growth in Deposits in Overseas Offices and Time Deposits in Domestic Offices. World-wide, average Loans advanced to \$16,541,000,000, up \$2,081,000,000 over 1970. Although average loan outstandings in New York were virtually unchanged, in overseas offices they were up approximately 45%.

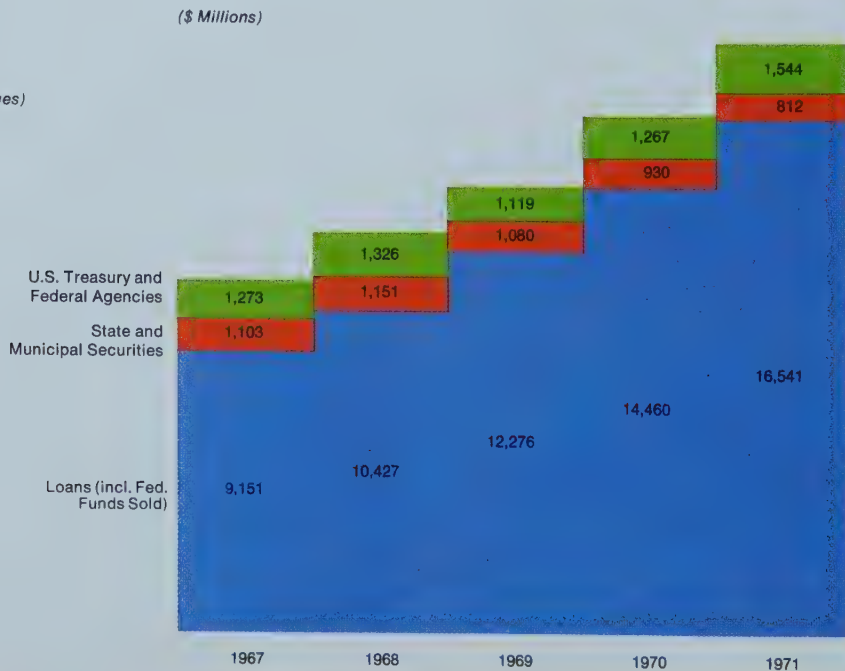
Average holdings of U.S. Treasury and Federal Agencies Investment Securities were up \$277,000,000, while State and Municipal Securities declined \$118,000,000; for the year Citibank participated in underwriting and distributing \$12,836,000,000 of new State and Municipal Securities, an increase of about \$2,500,000,000 over last year. The average maturity of U.S. Treasury and Federal Agencies Investment Securities held at year end was 24 months and for State and Municipals was 19 years and 5 months.

At year-end 1971, Reserve for Possible Losses on Loans stood at \$304,789,000, up \$1,076,000 from year-end 1970.

Convertible Capital Notes totaling \$58,280,000 were converted into 1,748,424 shares of common stock during the year. However, during 1971, 1,542,600 shares of Citicorp common stock were purchased for Treasury at a cost of \$55,508,000. Outstanding shares of common stock at year end had increased by 512,593, less than 1%, to 55,040,221; average shares outstanding during the year were 54,697,000, up 340,000 from 1970.

Principal Earning Assets

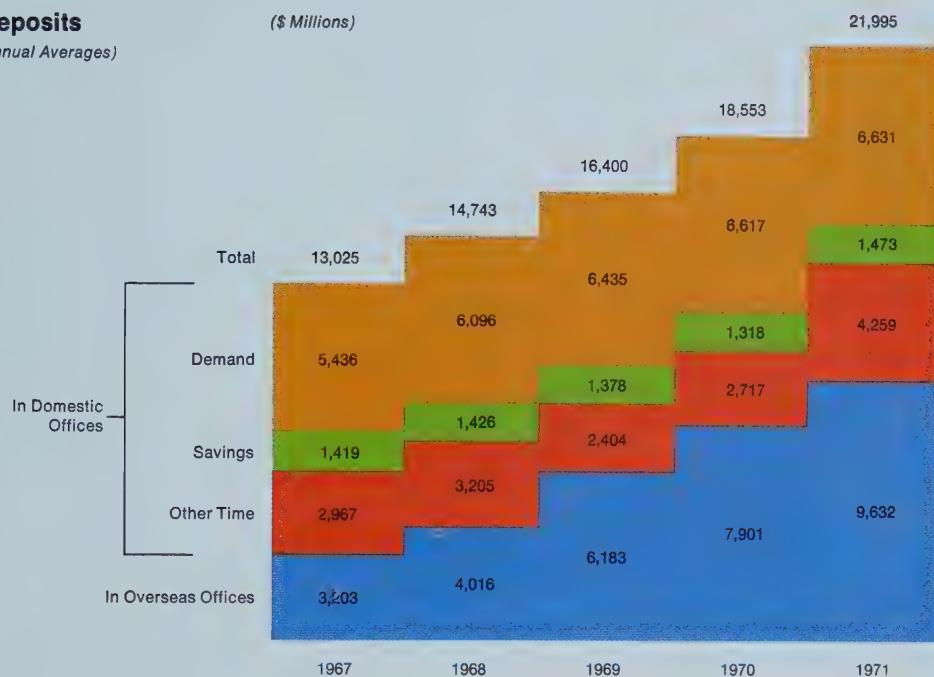
(Annual Averages)



Deposits

(\$ Millions)

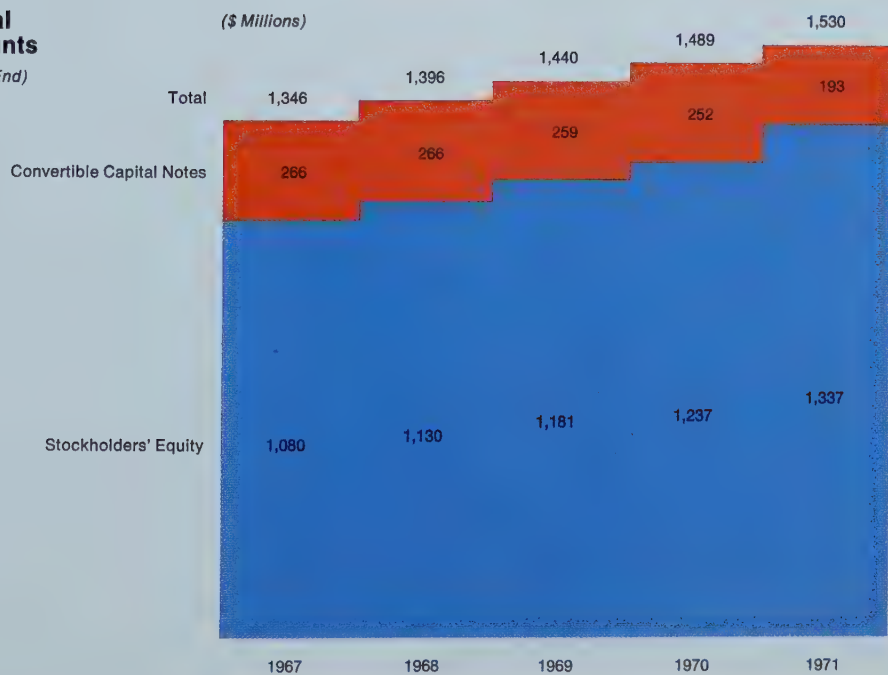
(Annual Averages)



Capital Accounts

(\$ Millions)

(At Year End)



Consolidated Statement of Condition

Assets	December 31, 1971	December 31, 1970
Cash and Due from Banks	\$ 5,632,292,000	\$ 4,868,681,000
Investment Securities		
—U.S. Treasury and Federal Agencies	1,403,846,000	1,461,020,000
—State and Municipal	757,114,000	915,163,000
—Other	700,410,000	519,760,000
Trading Account Securities	341,967,000	725,829,000
Loans	18,453,749,000	15,017,495,000
Federal Funds Sold and Securities		
Purchased Under Agreements to Resell	49,607,000	249,187,000
Customers' Acceptance Liability	560,646,000	498,199,000
Premises and Equipment	271,383,000	241,765,000
Other Assets	1,130,998,000	1,342,974,000
Total	<u>\$29,302,012,000</u>	<u>\$25,840,073,000</u>
Liabilities		
Demand Deposits in Domestic Offices	\$ 7,358,491,000	\$ 7,485,588,000
Time Deposits in Domestic Offices	6,275,579,000	4,825,330,000
Deposits in Overseas Offices	10,626,004,000	8,701,861,000
Total Deposits	\$24,260,074,000	\$21,012,779,000
Federal Funds Purchased and Securities Sold		
Under Agreements to Repurchase	861,413,000	946,344,000
Commercial Paper Outstanding	367,544,000	434,551,000
Other Funds Borrowed	434,931,000	257,637,000
Acceptances Outstanding	570,410,000	520,860,000
Accrued Taxes and Other Expenses	420,535,000	312,315,000
Provision for Dividend Declared	18,163,000	17,994,000
Other Liabilities	398,803,000	438,016,000
Unearned Income	135,366,000	106,804,000
Reserve for Possible Losses on Loans	304,789,000	303,713,000
Capital Accounts		
4% Convertible Capital Notes Due 1990	<u>\$ 193,386,000</u>	<u>\$ 251,666,000</u>
Preferred Stock (without par)	\$ —	\$ —
10,000,000 shares authorized but unissued both years		
Common Stock (\$6.75 par)	382,754,000	368,881,000
Issued Shares: 56,704,301 in 1971; 54,649,108 in 1970		
Surplus	596,878,000	544,486,000
Undivided Profits	316,544,000	228,097,000
Unallocated Reserve for Contingencies	100,000,000	100,000,000
	<u>\$1,396,176,000</u>	<u>\$1,241,464,000</u>
Common Stock in Treasury, at Cost	59,578,000	4,070,000
1,664,080 shares in 1971; 121,480 shares in 1970		
Stockholders' Equity	<u>\$1,336,598,000</u>	<u>\$1,237,394,000</u>
	1,529,984,000	1,489,060,000
Total	<u>\$29,302,012,000</u>	<u>\$25,840,073,000</u>

Explanatory notes are on pages 28-30

Consolidated Statement of Income

Operating Revenue	1971	1970	Increase
Interest and Fees on Loans	\$1,248,743,000	\$1,233,953,000	\$14,790,000
Interest and Dividends on Investment Securities			
—U.S. Treasury and Federal Agencies	90,439,000	79,463,000	10,976,000
—State and Municipal	33,953,000	38,815,000	—4,862,000
—Other	47,075,000	28,872,000	18,203,000
Other Interest	117,577,000	100,825,000	16,752,000
Trading Account			
—Interest	15,606,000	17,137,000	—1,531,000
—Profits and Commissions	8,835,000	22,596,000	—13,761,000
Investment Management and Agency Fees	56,915,000	47,656,000	9,259,000
Other Revenue	169,441,000	136,522,000	32,919,000
	<u>\$1,788,584,000</u>	<u>\$1,705,839,000</u>	<u>\$82,745,000</u>
Operating Expense			
Salaries	\$ 274,658,000	\$ 250,188,000	\$24,470,000
Profit Sharing Plan	10,998,000	9,286,000	1,712,000
Pension, Social Security and Other Employee Benefits	45,433,000	35,502,000	9,931,000
	<u>\$ 331,089,000</u>	<u>\$ 294,976,000</u>	<u>\$36,113,000</u>
Interest Paid on Deposits	796,124,000	783,571,000	12,553,000
Interest Paid on Federal Funds Purchased and Securities			
Sold Under Agreements to Repurchase	52,154,000	74,105,000	—21,951,000
Interest Paid on Other Borrowed Money	55,550,000	86,038,000	—30,488,000
Premises (net)	57,572,000	50,760,000	6,812,000
Furniture and Equipment	26,507,000	19,892,000	6,615,000
Provision for Possible Losses on Loans	33,000,000	23,900,000	9,100,000
Other Expense	157,409,000	141,337,000	16,072,000
	<u>\$1,509,405,000</u>	<u>\$1,474,579,000</u>	<u>\$34,826,000</u>
Income before Taxes and Securities Gains (Losses)	\$ 279,179,000	\$ 231,260,000	\$47,919,000
Taxes Based on Operating Income	110,981,000	86,155,000	24,826,000
INCOME BEFORE SECURITIES GAINS (LOSSES)	\$ 168,198,000	\$ 145,105,000	\$23,093,000
Securities Gains (Losses) After Tax Effect of \$1,505,000 and (\$4,598,000) respectively	875,000	(4,487,000)	5,362,000
NET INCOME	<u>\$ 169,073,000</u>	<u>\$ 140,618,000</u>	<u>\$28,455,000</u>
Earnings Per Share:			
On Average Outstanding Common Shares:			
(54,697,000 shares in 1971; 54,357,000 shares in 1970)			
Income before Securities Gains (Losses)	\$3.08	\$2.67	\$.41
Net Income	\$3.09	\$2.59	\$.50
Assuming Full Dilution:			
(61,317,000 shares in 1971; 61,907,000 shares in 1970)			
Income before Securities Gains (Losses)	\$2.80	\$2.42	\$.38
Net Income	\$2.82	\$2.35	\$.47

Explanatory notes are on pages 28-30

Consolidated Statement of Changes in Capital Accounts

	<u>1971</u>	<u>1970</u>
Balance at Beginning of Year	<u>\$1,489,060,000</u>	<u>\$1,439,735,000</u>
Additions		
Net Income	\$ 169,073,000	\$ 140,618,000
Issuance of Stock Under Stock Option and Purchase Plans	7,985,000	4,322,000
Other Additions	<u>2,677,000</u>	<u>320,000</u>
	<u>\$ 179,735,000</u>	<u>\$ 145,260,000</u>
Deductions		
Cash Dividends Declared (Per Share: 1971 \$1.32; 1970 \$1.26)	\$ 72,227,000	\$ 68,531,000
Transferred to Reserve for Possible Losses on Loans	8,084,000	10,674,000
Stock Acquired for Treasury, at Cost (net)	55,508,000	4,070,000
Other Deductions	<u>2,992,000</u>	<u>12,660,000</u>
	<u>\$ 138,811,000</u>	<u>\$ 95,935,000</u>
Balance at End of Year	<u><u>\$1,529,984,000</u></u>	<u><u>\$1,489,060,000</u></u>

Consolidated Statement of Changes in Financial Position

	<u>1971</u>	<u>1970</u>
Funds Provided		
Net Income	\$ 169,073,000	\$ 140,618,000
Increase in		
—Deposits	3,247,295,000	1,870,816,000
—Funds Borrowed Net of Funds Sold	224,936,000	532,674,000
Decrease in		
—Securities	418,435,000	—
—Cash and Due from Banks	—	4,072,000
Other (net)	<u>241,971,000</u>	<u>—</u>
Total	<u><u>\$4,301,710,000</u></u>	<u><u>\$2,548,180,000</u></u>
Funds Used		
Cash Dividends Declared	\$ 72,227,000	\$ 68,531,000
Increase in		
—Loans	3,436,254,000	1,777,130,000
—Securities	—	677,452,000
—Cash and Due from Banks	763,611,000	—
—Premises and Equipment	29,618,000	23,413,000
Other (net)	<u>—</u>	<u>1,654,000</u>
Total	<u><u>\$4,301,710,000</u></u>	<u><u>\$2,548,180,000</u></u>

Explanatory notes are on pages 28-30

Consolidated Statement of Condition

Assets	December 31, 1971	December 31, 1970
Cash and Due from Banks	\$ 5,625,757,000	\$ 4,863,599,000
Investment Securities		
—U.S. Treasury and Federal Agencies	1,387,725,000	1,443,784,000
—State and Municipal	757,114,000	915,163,000
—Other	700,269,000	519,565,000
Trading Account Securities	341,967,000	725,829,000
Loans	18,113,616,000	14,533,514,000
Federal Funds Sold and Securities		
Purchased Under Agreements to Resell	49,007,000	249,187,000
Customers' Acceptance Liability	560,646,000	498,199,000
Premises and Equipment	267,963,000	240,493,000
Other Assets	909,025,000	1,234,216,000
Total	\$28,713,089,000	\$25,223,549,000
Liabilities		
Demand Deposits in Domestic Offices	\$ 7,395,529,000	\$ 7,494,268,000
Time Deposits in Domestic Offices	6,346,558,000	4,889,330,000
Deposits in Overseas Offices	10,626,548,000	8,701,861,000
Total Deposits	\$24,368,635,000	\$21,085,459,000
Federal Funds Purchased and Securities Sold		
Under Agreements to Repurchase	911,413,000	946,344,000
Other Funds Borrowed	401,145,000	189,788,000
Acceptances Outstanding	570,410,000	520,860,000
Accrued Taxes and Other Expenses	430,010,000	318,439,000
Other Liabilities	204,163,000	365,043,000
Unearned Income	130,987,000	105,059,000
Reserve for Possible Losses on Loans	304,370,000	303,343,000
Capital Accounts		
Capital Stock (\$13.50 par)	\$363,279,000	\$363,279,000
Outstanding Shares: 26,909,553 both years		
Surplus	604,102,000	546,443,000
Surplus Representing Convertible Capital Note		
Obligation Assumed by Parent Corporation	193,386,000	251,666,000
Undivided Profits	131,189,000	127,826,000
Unallocated Reserve for Contingencies	100,000,000	100,000,000
Total	\$28,713,089,000	\$25,223,549,000

Explanatory notes are on pages 28-30

Notes to the Financial Statements

1. Basis of Presentation

The consolidated financial statements include the accounts of majority-owned subsidiaries.

Beginning in 1971, the figures include the pro-rata share of the undistributed income of 20% to 50%-owned affiliates and an appropriate provision for taxes on undistributed income of subsidiaries and affiliates. The statements for the prior year have been restated to give retroactive effect to this change which is not material.

Figures of overseas offices are as of December 20, and are converted at rates of exchange current on that date.

The Consolidated Statement of Income includes provisions for deferred taxes of approximately \$32,000,000 in 1971 (\$38,000,000 in 1970) which result principally from recognition of certain items as revenue and expense in the financial statements in different years than for tax purposes.

2. Assets

Investment securities are carried at cost, adjusted for amortization of premium and accretion of discount. Trading securities are carried at market.

At December 31, 1971, the market value of the investment securities portfolio is approximately \$2,750,000,000 and the carrying value is \$2,861,370,000.

U.S. Treasury and Federal Agencies investment securities carried at \$1,306,908,000, State and Municipal investment securities carried at \$359,495,000 and other assets carried at \$673,653,000 on December 31, 1971 are pledged to secure public and trust deposits and for other purposes.

Premises and equipment are carried at cost less accumulated depreciation. Operating expense in 1971 includes \$17,008,000 for depreciation and \$42,048,000 for rental cost of premises and equipment leased generally at terms not in excess of thirty years.

3. Retirement Plans

There are a number of pension plans covering substantially all employees. The cost of the principal plan is \$14,935,000 in 1971; past service and current service costs are accrued and fully funded.

4. Convertible Capital Notes

The 4% Convertible Capital Notes Due 1990 are convertible into Common Stock of Citicorp at a conversion price of \$33 $\frac{1}{3}$ per share, subject to adjustment in certain events. The Notes are redeemable at the option of Citicorp, in whole or in part, at their principal amount plus accrued interest and a premium if redeemed before July 1, 1986. The premium is 2.86% at December 31, 1971, declines to 2.67% on July 1, 1972 and declines annually thereafter on each July 1. Citicorp is jointly and severally liable with Citibank for payment of principal and interest on the Notes. As between Citicorp and Citibank, Citicorp has assumed primary liability for all such payments, and has agreed to reimburse Citibank if for any reason it should be required to make payment thereon. The liability of Citicorp on the Notes is subordinated to obligations to other creditors. The liability of Citibank on the Notes is subordinated to obligations to depositors and other creditors. Interest on the Notes in 1971 of \$8,444,000 is included in Interest Paid on Other Borrowed Money.

5. Common Stock of Citicorp

On March 30, 1971, the stockholders of Citicorp approved an increase in the number of authorized shares of Common Stock of Citicorp from 50,000,000 shares of the par value of \$13.50 per share to 100,000,000 shares of the par value of \$6.75 per share and approved a 2-for-1 split of the Common Stock effective March 31, 1971. The financial statements and notes to the financial statements give effect to

such change.

At respective year ends, authorized Common Stock of Citicorp is 100,000,000 shares, and at December 31, 1971, 9,227,185 shares are reserved for issuance in connection with conversion of the Capital Notes and sales under the Stock Option and Stock Purchase Plans described below.

Under the Stock Option Plan, options have been granted to key personnel for terms up to ten years at not less than the fair market value of the shares at the dates of grant, and are exercisable cumulatively in equal annual installments. Since the beginning of the Plan, 1,132,937 shares have been purchased by key personnel. Changes in these options outstanding during 1971 are as follows:

	Shares Under Option	Approximate Price Range Per Share
Outstanding at Beginning of Year	1,647,958	\$24 to \$35
Granted during year	218,600	\$34 to \$46
Exercised during year	292,121	\$24 to \$35
Expired during year	85,664	\$24 to \$35
Outstanding at End of Year (746,267 shares exercisable at December 31, 1971)	1,488,773	\$24 to \$46

In addition, under options granted in 1970 in connection with outstanding stock options of acquired companies to purchase shares at prices ranging from \$7 to \$21 per share, 34,798 shares have been purchased (13,698 shares 1971) and options to purchase 1,728 shares are outstanding at December 31, 1971, of which 388 shares are exercisable.

At the end of 1971, an additional 68,340 shares are available for future options (237,390 shares at the end of 1970).

Participants in the employee Stock Purchase Plan have purchased since the beginning of the Plan 133,222 shares at the fair market value of the shares at the dates of grant. At the beginning of 1971, there were outstanding rights to purchase 105,574 shares at \$40 per share by agreements entered into in 1968. Under these agreements 686 shares were purchased in 1971. Agreements were entered into in 1971 for rights to purchase 258,369 shares at \$37 per share. Under these agreements, 264 shares were purchased. At the end of 1971, rights to purchase 242,488 shares are outstanding and 1,624,290 shares are available for future agreements (1,762,154 shares at the end of 1970).

6. Capital Stock of Citibank

At respective year ends, authorized Capital Stock of Citibank is 35,000,000 shares. The Capital Notes indenture prohibits the payment of dividends (other than stock dividends) or the purchase of outstanding Capital Stock in amounts which would reduce the total of Citibank's consolidated Capital, Surplus and Undivided Profits below \$800,000,000.

7. Surplus

Surplus of Citicorp increased \$5,914,000 in 1971 (\$3,074,000 in 1970) from sales under the Stock Option and Stock Purchase Plans and \$46,478,000 in 1971 (\$5,357,000 in 1970) as a result of conversion of Capital Notes.

8. Earnings Per Share

Per share amounts Assuming Full Dilution are based on the assumption of conversion of all outstanding Capital Notes and elimination of interest paid on the Notes, after tax effect.

9. Reserve for Possible Losses on Loans

Recognized loan losses are charged to the reserve and subsequent recoveries are added. Changes in the reserve are shown in the table below:

	1971	1970
Balance at Beginning of Year	\$303,713,000	\$304,469,000
Deductions		
Loan Losses	\$ 53,327,000	\$ 54,946,000
Additions		
Loan Recoveries	\$ 6,636,000	\$ 6,062,000
Provision for Possible Losses on Loans		
Charged to Operating Expense . .	33,000,000	23,900,000
Transferred from:		
Undivided Profits \$8,084,000	\$10,674,000	
Reserve for Taxes 5,890,000	13,974,000	13,154,000
Other Additions	793,000	400,000
	\$ 54,403,000	\$ 54,190,000
Balance at End of Year	\$304,789,000	\$303,713,000

The Provision for Possible Losses on Loans charged to Operating Expense is computed by applying to average total loans for the current year the ratio of net loan losses to average total loans for the most recent five year period.

10. Event Subsequent to December 31, 1971

In January 1972, Citicorp announced plans to file a registration statement with the S.E.C. covering an issue of \$100,000,000 notes due November 1979 to be offered in February 1972.

Auditors' Report

Peat, Marwick, Mitchell & Co.
 Certified Public Accountants
 345 Park Avenue
 New York, New York 10022

*The Board of Directors and Stockholders
 First National City Corporation:*

We have examined the consolidated statement of condition of First National City Corporation and subsidiaries as of December 31, 1971, the related statements of income, changes in capital accounts and changes in financial position for the year then ended, and the consolidated statement of condition of its wholly-owned subsidiary, First National City Bank and subsidiaries, as of December 31, 1971. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the financial position of First National City Corporation and subsidiaries at December 31, 1971, and the results of their operations, changes in capital accounts and changes in financial position for the year then ended and the financial position of First National City Bank and subsidiaries at December 31, 1971 in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

January 18, 1972

Five Years of Growth

	<u>1971</u>	<u>1970</u>	<u>1969</u>	<u>1968</u>	<u>1967†</u>
Income before Securities Gains (Losses) (Thousands)	\$168,198	\$145,105	\$132,774	\$120,475	\$108,558
—% of Average Stockholders' Equity	13.0%	11.9%	11.3%	10.9%	10.2%
Securities Gains (Losses) After Tax Effect	875	(4,487)	(11,166)	(11,221)	(5,351)
Net Income	169,073	140,618	121,608	109,254	103,207
Per Share*					
Income before Securities Gains (Losses),	\$ 3.08	\$ 2.67	\$ 2.45	\$ 2.25	\$ 2.03
on Average Outstanding Common Shares					
Net Income, on Average Outstanding Common Shares	3.09	2.59	2.25	2.04	1.93
Cash Dividends Declared	1.32	1.26	1.15	1.05	.95
Annual Dividend Rate, at Year End	1.32	1.32	1.20	1.10	1.00
Stockholders' Equity, on Year-End Outstanding Common Shares ..	24.28	22.69	21.77	20.98	20.22
Total Assets, at Year End (Millions)	\$ 29,302	\$ 25,840	\$ 23,094	\$ 19,624	\$ 17,727
Average Assets (Millions)					
Investment Securities					
U.S. Treasury and Federal Agencies	\$ 1,544	\$ 1,267	\$ 1,119	\$ 1,326	\$ 1,273
State and Municipal	812	930	1,080	1,151	1,103
Other	648	448	349	301	269
Trading Account Securities	290	283	242	270	286
Loans in Domestic Offices					
Commercial and Industrial	\$ 5,771	\$ 6,118	\$ 5,532	\$ 4,895	\$ 4,381
Mortgage and Real Estate	1,192	1,019	948	845	791
Loans to Financial Institutions	508	518	461	362	320
Loans for Purchasing or Carrying Securities	583	310	288	409	267
Other	1,823	1,698	1,606	1,390	1,264
Loans in Overseas Offices	6,527	4,434	3,215	2,377	1,956
Federal Funds Sold	137	363	226	149	172
Total Average Loans (incl. Fed. Funds Sold)	\$ 16,541	\$ 14,460	\$ 12,276	\$ 10,427	\$ 9,151
Average Deposits (Millions)					
In Domestic Offices: Demand	\$ 6,631	\$ 6,617	\$ 6,435	\$ 6,096	\$ 5,436
Savings	1,473	1,318	1,378	1,426	1,419
Other Time	4,259	2,717	2,404	3,205	2,967
In Overseas Offices	9,632	7,901	6,183	4,016	3,203
Total	\$ 21,995	\$ 18,553	\$ 16,400	\$ 14,743	\$ 13,025
Average Loans (incl. Fed. Funds Sold) as % of Average					
Deposits and Funds Borrowed	69.5%	70.4%	70.2%	67.8%	68.1%
Average Earning Rate on Total Investment Securities					
and Loans (incl. Fed. Funds Sold)	6.78%	7.89%	7.62%	6.58%	5.89%
Fully Taxable Equivalent Basis (in Domestic Offices)					
Reserve for Possible Losses on Loans, at Year End (Millions)	\$ 305	\$ 304	\$ 304	\$ 266	\$ 230
Provision for Possible Losses on Loans, After					
Tax Effect (Thousands)	15,101	10,987	5,767	4,314	4,198
Actual Net Loan Losses, After Tax Effect (Thousands)	22,124	23,441	5,068	4,631	4,792
—% of Average Loans (incl. Fed. Funds Sold)134%	.162%	.041%	.044%	.052%
Average Shares Outstanding* (Thousands)	54,697	54,357	54,111	53,588	53,410
Stockholders, at Year End	68,000	66,000	66,445	67,507	66,000
Staff, at Year End	37,700	37,000	33,900	30,200	26,900

†First National City Bank and Subsidiaries.

*After giving effect to 2-for-1 stock split effective March 31, 1971.

Principal subsidiaries and affiliates around the world

Listed below are subsidiaries and affiliates engaged in general banking or in specialized fields of banking and finance. The data in parentheses give the year of acquisition or organization and percentage of ownership.

General Banking

Banco Argentino del Atlantico, S.A. (1967) (80%) operates nine offices in the Mar del Plata area, south of Buenos Aires.

Banco de Honduras S.A. (1965) (96%) is a commercial bank with eight offices throughout Honduras.

Banque Internationale pour l'Afrique Occidentale (1965) (49%) is a French-based commercial bank which has seven banking offices in France and operates 70 banking offices in central and west Africa.

Citibank (Suffolk), N.A. (1971) (100%) is a full-service commercial bank in Suffolk County on Long Island, New York.

Far East Bank Limited (1969) (76%) is a commercial bank in Hong Kong with 13 retail banking offices, principally in Kowloon and the New Territories.

First National City Bank (1812) (100%) is a full-service commercial bank offering a broad range of financial services for consumers, businesses and governments throughout the world. Domestically, it operates 209 branches in New York City, and Westchester and Nassau counties, the largest branch network of any New York City commercial bank. Internationally, Citibank operates 309 branches or offices in 61 countries, either directly or through subsidiaries, as well as four Edge Act offices in the United States.

First National City Bank (Belgium) S.A. (1971) (100%) is a commercial bank with seven offices engaging in a wide range of consumer and business banking services in Belgium. It was formed through a consolidation of Citibank branches in Belgium with banking offices of a local subsidiary, Bank Financia, N.V.

First National City Bank (Channel Islands) Limited (1969) (100%) is located in St. Helier on the island of Jersey and engages primarily in arranging European currency financings.

First National City Bank (Luxembourg) S.A. (1970) (100%) conducts a general banking and financial business in Luxembourg.

First National City Bank (Maghreb) (1967) (100%) operates two commercial banking offices in Morocco.

First National City Bank (South Africa) Limited (1958) (100%) operates eight commercial banking offices in South Africa.

First National City Bank (Zaire) S.A.R.L. (1971) (100%) is a commercial bank in Kinshasa in the country formerly known as The Democratic Republic of the Congo.

Internationale Investitions-und Finanzierungs-Bank A. G. (1970) (50%) conducts general banking activities in Vienna.

Iranians' Bank (1969) (35%) engages in general banking operations at six offices in Iran.

National and Grindlays Bank Limited (1969) (40%) is a leading British-based bank that has over 200 commercial banking offices in Britain, the Middle East, South Asia and Africa.

The Bank of Monrovia (1955) (100%) operates six commercial banking offices in Liberia.

The Mercantile Bank of Canada (1963) (100%) operates eight commercial banking offices in Canada.

Specialized Banking and Financial Services

Advance Mortgage Corporation (1970) (100%) engages in mortgage origination, placement with permanent investors and servicing of single-family, multifamily and commercial mortgages as well as construction lending on FHA-insured multifamily projects. Advance Mortgage is the largest originator of single-family FHA and VA mortgages in the country. From its headquarters in Southfield, Michigan, it operates 21 offices throughout the United States.

Banco de Financiacion Industrial (1964) (10%) is a Spanish investment bank that makes loans for industrial development purposes.

Banco de Investimento Industrial, S.A. (1967) (17%) is a Brazilian development bank dealing in acceptance banking, term loans, underwriting, brokerage and time deposits.

Bangkok First Investment and Trust Limited (1969) (50%), a joint venture with Bangkok Bank Limited, conducts an investment banking business in Thailand.

Citicorp Aerolease (Cal), Inc. (1971) (100%) is a special purpose leasing company.

Citicorp Factors, Inc. (1969) (100%) is engaged in old-line factoring and commercial financing. It was organized to take over the factoring and finance activities of Citibank's Factoring and Commercial Finance Department.

Citicorp Leasing Inc. (1968) (100%) arranges leases and equipment financing in the mid- to high-ticket market in the United States, with offices in Chicago, San Francisco and New York.

Citicorp Leasing International, Inc. (1969) (100%) is an operating leasing and equipment financing company with offices in Britain, West Germany, Italy, Japan, the Netherlands, Argentina, Brazil, Canada, Mexico, Puerto Rico, Hong Kong and Switzerland.

Citicorp Realty Consultants, Inc. (1969) (100%) has expanded its activities in the field of real estate consultation to include appraisal services and financial analysis of major real estate projects. Services are currently provided on a national basis, serving banks and major corporations. In addition, Citicorp Realty Consultants has responsibility for determining appropriate participation by Citicorp and Citibank in programs to strengthen the New York community through housing and related facilities.

CitiNational (Holdings) Pty. Ltd. (1971) (45%), through its money market units, functions as an acceptance and discount house and deals in commercial paper and local government securities in Australia.

Citybank Credito, Financiamento e Investimento S.A. (1970) (100%) provides consumer loans in Brazil.

Cofinance S.A. (1969) (100%) makes personal loans and deals in consumer financing, factoring and leasing in Switzerland.

Commercial Credit Corporation (Thailand) Ltd. (1967) (38%) deals in auto financing, consumer goods financing and factoring in Thailand.

Compania Colombiana de Financiamientos S.A. (1966) (100%) is a consumer finance company in Colombia.

Corporacion Financiera de Occidente (1970) (40%) is a Colombian development finance bank.

Creditit, S.A. (1970) (59%) is a finance company that makes retail and personal installment loans through 10 offices in Belgium.

Cresap, McCormick and Paget Inc. (1970) (100%) is an international management consulting firm.

Financiera Intercomercial, S.A. (1969) (100%) is a broadly chartered finance company whose all-purpose credit card, Citicredito, serves consumers in Panama.

First National City (Costa Rica) S.A. (1970) (100%) is a broadly chartered finance company whose activities include operation of Citicredito, a consumer credit card in Costa Rica.

First National City Bank (Interamerica) (1971) (100%) is an Edge Act banking corporation in Miami offering a broad range of international banking services, particularly to correspondents and clients overseas.

First National City Bank (International-Los Angeles) (1970) (100%) is an Edge Act banking corporation offering a broad range of international banking services in southern California, particularly to correspondents and clients overseas.

First National City Bank (International-San Francisco) (1967) (100%) is an Edge Act banking corporation offering a broad range of international banking services, particularly to correspondents and clients overseas.

First National City Development Finance Corporation (Thailand) Ltd. (1969) (100%) is a finance company specializing in industrial term lending.

First National City Flaminia-Holding di Servizi Finanziari S.p.A. (1970) (50%) is an Italian financial services complex whose activities include consumer loans and installment credit, discounting mortgage-backed notes, credit life insurance, financial counseling, safekeeping of securities, trust and other fiduciary activities.

First National City Overseas Investment Corporation (1961) (100%) is an Edge Act corporation that facilitates foreign capital transactions. It is also the holding company for many of Citicorp's subsidiaries and affiliates outside the United States.

First National City Trust Company (Bahamas) Limited (1961) (100%) conducts a general trust business under the laws of the Bahamas.

First Oversea Credit Limited (1970) (40%) finances consumer and industrial purchases in Singapore.

FNCB Capital Canada Ltd. (1971) (100%) specializes in venture capital investments in growing Canadian firms.

FNCB Capital Corporation (1967) (100%) is a small-business investment company that provides venture capital and long-term equity financing to growing businesses, including minority-owned companies in the New York region.

FNCB Eurosecurities, S.A. (1967) (100%) deals in Eurocurrency securities issued abroad and engages in underwriting in Belgium.

FNCB Finance Incorporated (1968) (75%) is a finance company in the Philippines.

FNCB Financial Limited (1968) (100%) is a personal finance company with seven offices in Hong Kong.

FNCB Services Corporation (1965) (100%) manages First National City Travelers Check operations. It also conducts a retail travel service in New York and overseas.

FNCB-Waltons Corporation Ltd. (1966) (50%) is a leading finance company in Australia with offices in Sydney, Brisbane and Melbourne.

Fuji National City Consulting Ltd. (1970) (50%) is a management consulting firm established as a joint venture with the Fuyo group of companies in Japan.

Fuyo General Lease Co., Ltd. (1970) serves the medium to large equipment sectors of the leasing market in Japan.

Hypotheek-en Beheermaatschappij Financia N.V. (1970) (84%) is a Belgian-based financial services complex, specializing in consumer lending and savings.

Industrial Acceptance Corporation Ltd. (1971) (33%) group of companies, including I.A.C. (Holdings) Limited, is a financial services complex which embraces Australia's second largest finance company.

International Data Systems Service Limited (1970) (100%) provides computer services in Hong Kong to companies operating in the Far East.

International Trust Company (1963) (100%) conducts a general trust business from two offices in Canada.

Inversiones y Adelantos, C.A. (1969) (100%) offers all types of financing, including credit card services, consumer and retail financing, in Venezuela.

Midland-Citibank Factors Limited (1970) (50%) provides factoring services to companies in Britain.

National City Financial Trust Limited (1967) (100%) offers a wide range of consumer financial services in Britain, including installment credit, personal loans, mortgage lending and savings. It has 22 offices, many of which are called "Money Shops."

New York London Trustee Co., Ltd. (1964) (100%) provides trust and investment services, including management of employee pension funds for British companies.

Philips-First City-Brandts Limited (1970) (20%) engages in a wide range of financial services in Australia, including capital market development, underwriting and financial consulting.

Securities Management Company, Ltd. (1969) (25%) is incorporated under Bahamian law to organize, manage and distribute mutual funds to investors who are neither citizens nor residents of the United States. Its administrative headquarters are in Geneva.

Taiwan First Investment Trust Company, Ltd. (1971) provides trust and investment services in the Republic of China.

Transaction Technology Inc. (1969) (100%) designs, develops and operates computer-based electronic data systems for financial transactions that will significantly improve payment transfers and lower processing costs.

International Branches, Subsidiaries and Affiliates Around the World Outside the United States

I Asia and Pacific

Australia
Fiji
Guam
Hong Kong
Indonesia
Japan
Korea
Malaysia
Philippines
Republic of China
Singapore
Thailand

II Canada and Caribbean

Bahamas
Barbados
Canada
Cayman Islands
Costa Rica
Dominican Republic
El Salvador
Haiti
Honduras
Jamaica
Mexico
Netherlands Antilles
Nicaragua
Panama
Puerto Rico
Trinidad and Tobago
Venezuela
Virgin Islands

III South America

Argentina
Bolivia
Brazil
Chile
Colombia
Ecuador
Paraguay
Peru
Uruguay

IV Europe

Austria
Belgium
Britain
France
Germany
Greece
Ireland
Italy
Luxembourg
Netherlands
Spain
Switzerland

V South Asia, Middle East and Africa

Abu Dhabi
Bahrain
Cameroon
Central African Republic
Ceylon
Chad
Congo

Cyprus
Dahomey
Dubai
Ethiopia
Gabon
India
Iran
Ivory Coast
Jordan
Kenya
Lebanon
Liberia
Mali
Malta
Mauritania
Morocco
Muscat and Oman
Niger
Nigeria
Pakistan
Qatar
Ras Al Khaymah
Rhodesia
Saudi Arabia
Senegal
Sharjah
South Africa
Togo
Uganda
Upper Volta
Zaire
Zambia

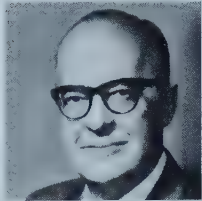
Directors



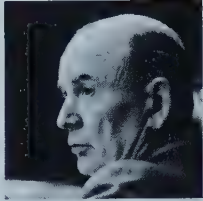
Mr. Wriston



Lord Aldington



Mr. Barnett



Mr. Batten



Mr. Brisco



Mr. Eaton



Dr. Eilers



Dr. Fouraker



Mr. Grace



Mr. Gwinn



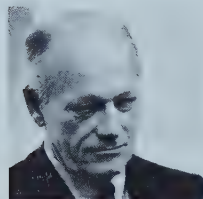
Mr. Houghton



Mr. Larkin



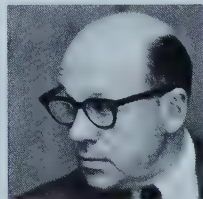
Mr. McColough



Mr. McCoy



Mr. Milliken



Mr. Oelman



Mr. Palmer



Mr. Scott



Mr. Spencer



Mr. Thomas



Mr. deButts



Mr. Grand*



Mr. Jenkins



Mr. Metcalf



Mr. Pigott



Mr. Rees



Mr. Williams

Directors of First National City Corporation

Lord Aldington
P.C., K.C.M.G., C.B.E., D.S.O.
Chairman
National and Grindlays Bank Limited

Frank E. Barnett
Chairman of the Board and
Chief Executive Officer
Union Pacific Corporation and
Union Pacific Railroad Company

William M. Batten
Chairman
J. C. Penney Company, Inc.

Milo M. Brisco
President
Standard Oil Company (New Jersey)

Fredrick M. Eaton
Shearman & Sterling

Dr. Louis K. Eilers
Chairman and Chief Executive Officer
Eastman Kodak Company

Dr. Lawrence E. Fouraker
Dean of the Faculty of Business Administration
Harvard Business School

J. Peter Grace
Chairman and Chief Executive Officer
W. R. Grace & Co.

William P. Gwinn
Chairman and Chief Executive Officer
United Aircraft Corporation

Amory Houghton, Jr.
Chairman of the Board
Corning Glass Works

Arthur E. Larkin, Jr.
President and Chief Operating Officer
General Foods Corporation

C. Peter McColough
Chairman of the Board and
Chief Executive Officer
Xerox Corporation

Charles B. McCoy
Chairman and President
E. I. du Pont de Nemours & Company

Roger Milliken
President
Deering Milliken, Inc.

Robert S. Oelman
Chairman
The National Cash Register Company

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Chairman of the Executive Committee

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Vice Chairman

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President

Franklin A. Thomas
President
Bedford-Stuyvesant Restoration Corporation

Walter B. Wriston
Chairman

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Standard Oil Company (New Jersey)

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Shearman & Sterling

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Chairman and Chief Executive Officer
Eastman Kodak Company

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Dean of the Faculty of Business Administration
Harvard Business School

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W. R. Grace & Co.

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United Aircraft Corporation

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Chairman of the Board
Corning Glass Works

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Vice Chairman of the Board and
Chairman of the Finance Committee
Metropolitan Life Insurance Company

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President and Chief Operating Officer
General Foods Corporation

C. Peter McColough
Chairman of the Board and
Chief Executive Officer
Xerox Corporation

Charles B. McCoy
Chairman and President
E. I. du Pont de Nemours & Company

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Sears, Roebuck and Co.

Roger Milliken
President
Deering Milliken, Inc.

Robert S. Oelman
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The National Cash Register Company

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The Chubb Corporation

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President

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President
Bedford-Stuyvesant Restoration Corporation

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International Business Machines Corporation

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George F. Baker Trust

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Perkins, Daniels & McCormack

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and College Retirement Equities Fund

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National Steel Corporation

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Executive Vice President

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Investments

Hulbert W. Tripp
Investments

Howard S. Tuthill
Cummings & Lockwood

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ITT Continental Baking Company, Inc.

Walter B. Wriston
Chairman

Senior Management

First National City Corporation

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Chairman
William I. Spencer
President
Edward L. Palmer
Chairman of the Executive Committee
George C. Scott
Vice Chairman
James D. Farley
Executive Vice President
Carl W. Desch
Secretary and Treasurer
Bernard T. Stott
Comptroller
Richard E. Stewart
Senior Vice President and General Counsel
John W. Heilshorn
Senior Vice President
James F. Jaffray
Senior Vice President
W. James Tozer, Jr.
Senior Vice President

First National City Bank

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Chairman
William I. Spencer
President
Edward L. Palmer
Chairman of the Executive Committee
George C. Scott
Vice Chairman
G. A. Costanzo
Executive Vice President
Thomas F. Creamer
Executive Vice President
James D. Farley
Executive Vice President
John S. Reed
Executive Vice President
Reuben F. Richards
Executive Vice President
Thomas C. Theobald
Executive Vice President
Bernard T. Stott
Comptroller
Carl W. Desch
Senior Vice President and Cashier
Leif H. Olsen
Senior Vice President and Economist
Richard E. Stewart
Senior Vice President and General Counsel
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Senior Vice President
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Senior Vice President

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Lawrence M. Small
Carleton M. Stewart
Richard S. Vokey
Richard W. Wheeler
Robert B. White

Transfer Agent:

First National City Bank
Corporate Agency Department
111 Wall Street
New York, N.Y. 10015

Co-Transfer Agents:

Bank of America NT & SA
Corporate Agency Division
Bank of America Center
San Francisco, Calif. 94120
The First National Bank of Chicago
Corporate Trust Department
One First National Plaza
Chicago, Ill. 60670
International Trust Company
1015 Beaver Hall Hill
Montreal, Que., Canada
101 Richmond Street West
Toronto, Ont., Canada

Registrar:

United States Trust Company of New York
45 Wall Street
New York, N.Y. 10005

Co-Registrars:

National Trust Company, Limited
P.O. Box 520
Montreal, Que., Canada
21 King Street East
Toronto, Ont., Canada
The Northern Trust Company
50 South LaSalle Street
Chicago, Ill. 60690
Wells Fargo Bank, N.A.
Corporate Trust Department
475 Sansome Street
San Francisco, Calif. 94120

FNCC Stock Listed:

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London Stock Exchange
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